The China Weekly REVIEW

密勒氏評論報

A Weekly Newspaper Established in 1917

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SATURDAY MARCH 16, 1935 VOLUME 72, NUMBER 3

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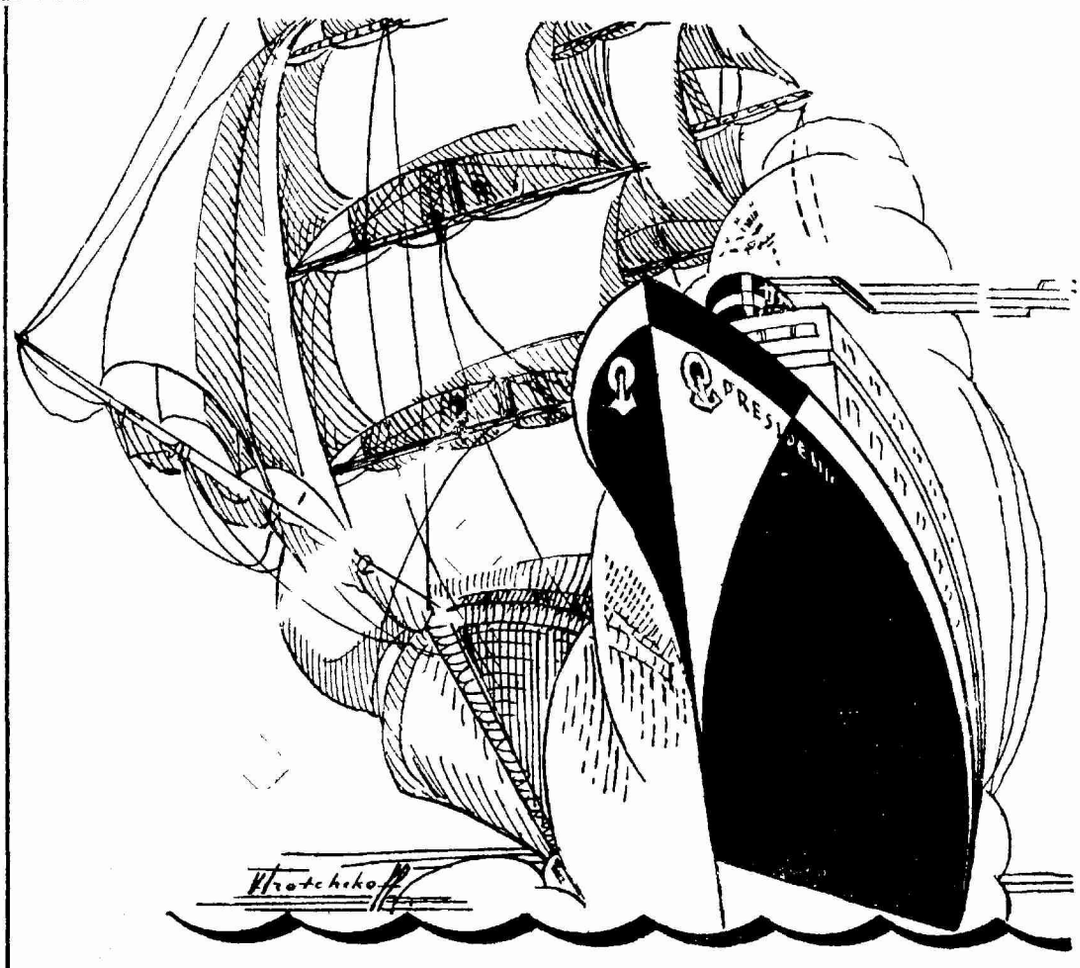

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Shanghai, March 13, 1935

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Demand selling rate on London:	£1.0.0=Sh. $12.50
Demand buying rate on London:	£1.0.0=Sh. $12.34

Latest New York Stock Exchange Quotations

March 13, 1935

Business Done:
Total Volume:- 1,050,000 Shares

1933-35 High	1933-35 Low	Div. $ per sh.	STOCKS	Last Sale Mar. 11	Last Sale Mar. 12
121⅝	49½	4.00	American Can	113½	112½
22½	3¼	0.40	Amer. Cyanamid "B"	15½	15⅛
19⅝	2½	—	American & For. Power	2⅞	2⅝
39⅛	5⅞	—	American Locomotive	10⅛	9¾
19	4⅝	—	American Radiator	11⅝	11
53½	10¾	—	American Smelting	33⅝	32⅝
134¾	86½	9.00	American Tel. & Tel.	106½	106½
94¾	50¾	5.00	American Tobacco "B"	79¼	78¾
43¼	9	1.00	American Waterworks	9	8½
22⅞	5	—	Anaconda Copper	9⅛	8⅞
80½	34⅝	2.00	Atchison, S. & S. Fe	88⅝	88
35¼	12⅝	1.00	Atlantic Refining	22	21⅝
84¼	16⅞	—	Auburn	17⅛	16¼
37⅞	8¼	—	Baltimore & Ohio	8¼	7⅞
23⅞	6⅛	—	Bendix Aviation	12½	12⅝
49½	10⅜	—	Bethlehem Steel	24⅞	23½
11	6¾	—	Boeing Airplane Co.,	6⅞	6⅞
37½	18	1.60	Borden Co.	24⅞	23½
33½	5½	1.50	Borg Warner	30⅞	30½
20⅞	7⅛	—	Canadian Pacific Railway	10⅛	9⅞
103½	30½	—	Case, J. I.	50⅞	49¼
43⅞	5½	1.00	Caterpillar Tr.	38⅝	38¼
40¾	15⅞	1.40	Chase National Bank	21¼	20⅞
49¼	24⅝	2.80	Chesapeake & Ohio	37½	37⅛
60⅜	7⅜	1.00	Chrysler	32⅛	31¼
28¼	4⅞	—	Columbia Gas & Electric	4⅛	4
57¼	9	0.60	Comi. Solvents	18⅜	17⅜
6½	0⅜	—	Commonwealth & Southern (ord.)	0¾	0⅝
64½	16⅜	1.00	Consolidated Gas of N. Y.	16⅝	16¼
23⅜	4⅞	1.00	Contin·ntal Oil	16¼	16
90⅝	45⅜	3.00	Corn Products	64½	64
9⅞	2	—	Coty Inc.	4⅝	4¼
28½	10¼	—	Douglas Aircraft	17⅛	17½
103⅞	32½	3.25	Du Pont de Nemours	89⅜	88
41⅝	4¼	—	Electric Bond & Share	4⅜	4¼
19	8¼	—	Fox Film "A"	9⅜	9⅝
80¼	10½	0.60	General Electric	22	21⅞
39⅞	21	1.80	General Foods	33¾	33½
42	10	1.50	General Motors	28	26⅞
27⅝	12	1.20	Gold Dust	16¼	16¼
47¼	9¼	—	Goodyear Tire & Rubber	18	17½
40	6½	0.25	International Cement	24⅝	24½
29¼	6¾	0.60	International Nickel	22½	22½
21⅝	5½	—	International Tel. & Tel.	6¾	6½
66⅝	12¼	—	Johns Manville	40¾	39
26	7⅝	0.60	Kennecott	15	14⅞
37¼	8½	2.00	Loew's Inc.	34½	33⅜
25¼	10⅜	1.20	Lorillard	20⅛	20
35⅝	8⅜	—	Montgomery Ward	22⅞	21¾
60⅝	25⅜	2.00	Nat. Biscuit	26	25½
43	16⅞	1.00	National City Bank	19⅝	19½
25¾	10½	1.20	Nat- Dairy Prods.	15¾	15½
38¼	16⅛	0.50	National Distillers	24⅞	24¾
20½	5	0.80	Nat. Power & Lt.	5¼	5⅛
58½	12⅝	—	New York Central	12¾	12½
36½	79⅛	1.00	North American	9⅞	9⅝
31⅞	13	1.50	Pacific Gas & Electric	13⅜	14
43⅜	20½	3.00	Pacific Lighting	20½	20¼
6⅞	1⅝	—	Packard Motors	3¾	3⅝
42½	13¾	1.00	Pennsylvania Railroad	18	17¼
20⅜	4¾	1.00	Phillips Petroleum	14	13⅞
57⅛	20⅜	2.80	Public Serv. of N.J.	21⅜	20½
12¼	3	—	Radio Corporation	4½	4⅝
54½	26½	3.00	Reynolds Tobacco "B"	48⅛	48
47	18⅝	—	Schenleo	23	22
51⅜	12½	—	Sears Roebuck	32	31¼
19⅞	6	0.60	Socony-Vacuum	11⅛	10¾
28	10¼	1.50	Southern California Edison	11¼	10¾
38¾	11⅜	—	Sthrn. Pacific	13¾	13⅜
36½	4⅛	—	Sthrn. Railway	7⅜	7⅝
37⅝	13¾	1.00	Stand. Brands	15⅝	15⅝
22½	2⅜	—	Standard Gas & Electric	2⅝	2¼
45	19½	1.00	Stand. Oil of Cal.	28½	28⅝
50¼	22¾	1.25	Standard Oil Co. of N. J.	36⅜	36½
66⅛	45¾	3.80	Sterling Products	63¼	62½
30⅛	10¾	1.00	Texas Corporation	17⅞	17⅝
45¼	15¼	2.00	Texas Gulf Sulphur	32	31½
.9⅝	2⅝	12.½	Transamerica	5	5
51⅞	19¾	1.40	Union Carbide & Carbon	46	44⅝
133⅞	61¼	6.00	Union Pacific	84⅛	84½
15⅛	8⅛	—	United Aircraft (New)	5	4¾
6⅝	3⅝	—	Un. Airline Trans.	10¾	10
14½	1½	—	United Corporation	1½	1½
25	2⅞	—	U. S. Rubber	10⅛	9½
67½	23⅜	—	U. S. Steel	29⅞	29¼
36¼	7⅝	—	Vanadium	14¼	14
18⅝	1	—	Warner Bros. Pictures	2⅞	2⅝
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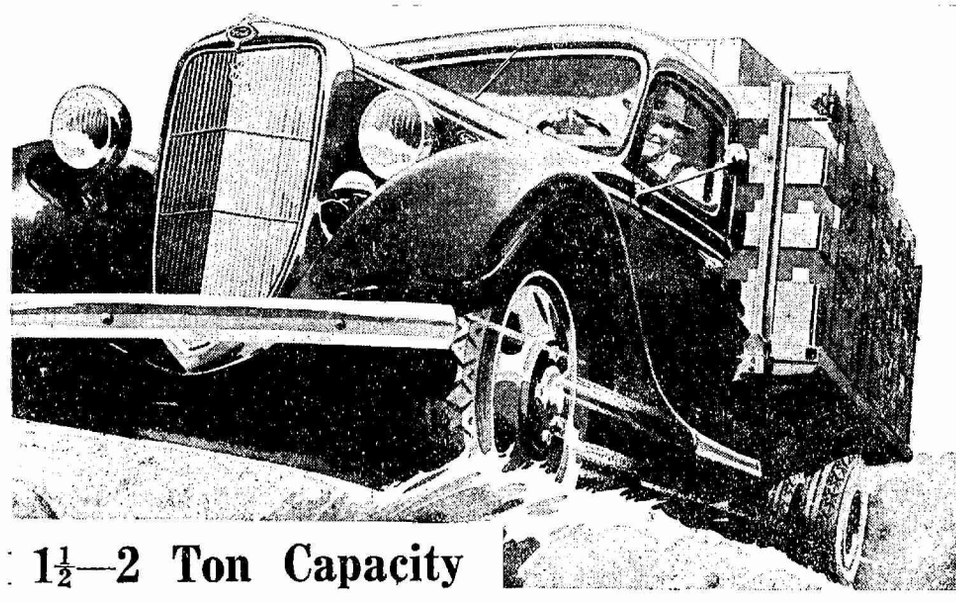

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The China Weekly REVIEW

Formerly Millard's Review

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Registered at the Chinese Post Office as a Newspaper for transmission with special marks privileges in China.

Volume 72 | Shanghai, China, Saturday, March 16, 1935 | Number 3

THE CHINA WEEKLY REVIEW

Formerly Millard's Review

Cable Address "REVIEWING SHANGHAI"

PUBLISHED AT NO 160 AVENUE EDWARD VII SHANGHAI CHINA BY MILLARD PUBLISHING COMPANY INCORPORATED BY THE LAWS OF THE STATE OF DELAWARE UNITED STATES OF AMERICA

J B POWELL, Editor and Publisher; GEO W MISSEMER Asst. Editor; HOH CHIH-HSIANG, Asst Editor; TRYPHON V. KU, Advertising Dept.,; F. K CHAO, Business Dept

CONTRIBUTING EDITORS

C. Y. W MENG — S. Y. LEUNG

C. Y HSIEH — PAUL K. WHANG

YEARLY SUBSCRIPTION FIFTY-TWO ISSUES TWELVE DOLLARS (CHINESE CURRENCY) IN ADVANCE POSTAGE INCLUDED IN CHINA AND JAPAN IN THE UNITED STATES AND FOREIGN COUNTRIES EIGHT DOLLARS U S CURRENCY REMITTANCE FROM OTHER COUNTRIES THAN CHINA AND THE U S CAN MADE BY INTERNATIONAL MONEY ORDER ENTERED AS SECOND-CLASS MATTER IN THE CHINESE POST OFFICE AT SHANGHAI IN MAY 1917

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COMMUNICATIONS PERTAINING TO SUBSCRIPTIONS OR ADVERTISING IN CHINA OR ABROAD SHOULD BE ADDRESSED TO THE CHINA WEEKLY REVIEW AT 160 AVENUE EDWARD VII SHANGHAI, CHINA TELEPHONE 14741 CABLE ADDRESS "REVIEWING SHANGHAI"

THE RAIDING OF YENCHING AND TSING-HUA AT PEIPING

ACCORDING to a *Reuter* report from Peiping published in the Shanghai newspapers on March 12 the Peiping police staged another raid of the dormitories of Tsing-Hua and Yenching universities at Peiping and in the case of Tsing-Hua arrested eight men and two women students. In the case of Yenching the police apparently only raided the girls' dormitory, but since the girls they were looking for apparently were absent, no arrests were made. In both cases the raids were made between 5 and 6 o'clock in the morning and were staged without search or arrest warrants of any kind. The announced object of the raids, of course, was "communism," hence it will be interesting to see what happens in the present instance because two of the girl students arrested at Tsing-Hua are daughters of well known officials, one being the daughter of a member of the Kuomintang Central Executive Committee and the other the daughter of a customs official at Foochow. Both of these schools are closely affiliated with American interests, Yenching being one of the best known American missionary universities, while Tsing-Hua was founded in 1911 with Boxer funds returned to China by the late Col. Theodore Roosevelt, President of the United States 1901-1909. Tsing-Hua served for many years as a preparatory school for Chinese students proceeding to the United States for higher educations.

While we have no information regarding the evidence upon which these particular police raids were staged, we do know that the charge of "communism" as now applied in Peiping has nothing whatever to do with the doctrines of Karl Marx, Lenin or Trotsky, or even Joseph Stalin. Based upon evidence presented in connection with previous raids, we imagine that when the facts become known it will be found that these students have been guilty of what is now a serious "crime" in Peiping—anti-Japanese agitation. According to an article by Cyrus H. Peake in December *Pacific Affairs*, all so-called anti-Japanese activities by Chinese students in the Peiping district have been officially curbed, by the Chinese authorities, *under what amounts to orders from the Japanese military*. Mr. Peake, the author of the article, now a member

of the faculty of Columbia University, N. Y., was previously engaged in research in Peiping, hence is familiar with the situation. Mr. Peake stated, however, that the attempts of the Japanese, acting through Peiping governmental officials, to suppress anti-Japanese agitation had merely had the result of causing the students to "adopt underground tactics in the campaign to keep alive the nationalistic spirit." One of the methods used by the students is to circulate surreptitiously cheaply printed pamphlets and posters written in the form of rhyming ballads and dramas, to be recited in the sing-song manner of the traditional story-teller, or sung to tunes from ancient popular dramas. Some are concerned with the heroic exploits of individuals or small groups who gallantly opposed the Japanese advance in Manchuria and around the Great wall, or at Shanghai. Others criticize the weakness and cowardice of certain generals who fled before the Japanese advance without firing a shot. The literature is written in the common spoken language of the people, and is rhymed and dramatized so that it may be more readily memorized and added to the repertoires of the traveling story-tellers who serve as one means of distributing the pamphlets. In other cases the circulars are given to children to sell at two coppers each, the youngsters keeping one copper as their share. Adjusting their technique to meet the need of the new situation, the students have abandoned their former policy of making a frontal attack on Government officials suspected of advocating a compromise policy, or merchants selling Japanese goods. Instead they are now seeking to spread the spirit of nationalism among the people, implanting among them the seeds of an irredentist movement aiming at the eventual recovery of Manchuria.

Although not mentioned in the news reports there is a feeling in Peiping that the Japanese military authorities are determined to destroy these two important centers of American educational work among the Chinese of north China. The constant raiding of the school dormitories and interrogation of students on trumped-up charges of "communism" is, of course, an excellent way of ham-stringing the work of the schools for it will ultimately have the effect of driving all students away. Recently there have been reports that Tsing-Hua university may be removed to the Yangtsze Valley. What Yenching, with its heavy investment in new buildings and equipment will do is not known, but the situation is most serious.

TAXPAYERS MUST GIVE HARDOONS $337,720 FOR ONE-SIXTH-ACRE

THE decision of the land commission of the Municipal Council to give Mrs. Liza Hardoon the sum of $337,720, equivalent to about $130,000 in U. S. currency for slightly over one-sixth of an acre of land on Nanking road for street-widening purposes, accords strictly with the principles of Anglo-Saxon law with respect to the acquisition of private land for public purposes. But even though it accords with legal principles there will be many foreigners and Chinese, land owners as well as non-land owners, who will not relish the idea of digging down into their pockets in these difficult times to pay their portion of this considerable sum of money. According to the evidence brought out at the hearing, S.A. Hardoon purchased the property in 1919 at a rate of approximately Tls. 60,000 for one-sixth of an acre, amounting to about $80,000 in U.S. currency, according to the high silver exchange rate prevailing at that time.

S.A. Hardoon came to Shanghai many years ago by the Bagdad-Indian route and every dollar he acquired in real estate transactions he invested in Nanking road property—to such an extent that he became the largest owner of frontage on both sides of Shanghai's chief retail street. The buildings he constructed were jerry-built of cheap mud-bricks and plaster, often of such inferior materials that sections frequently fell into the street endangering the safety of pedestrians. Under the antiquated system of taxation that prevails in Shanghai, the shop-keepers who rented the buildings had to pay the taxes. Therefore, all Landlord Hardoon had to do was sit back and collect his rent, which he steadily increased as the leases expired. Hardoon spent little or nothing to improve his property and if a tenant required a new front window or other improvement, the tenant had to spend the money himself. As Shanghai grew and the crowds became denser and denser on Nanking Road, Hardoon became richer and richer, until at the time of his death a few years ago he was worth well over $50,000,000. All of his wealth went to his widow, a woman of Chinese nationality, who lives in seclusion in the large estate surrounded by a high brick wall on Bubbling Well Road. Soon after his death several relatives from the protectorate of Iraq turned up in Shanghai to claim a portion of the estate, but the British court refused to entertain their claims. When Hardoon died he was land-poor, meaning that there were no liquid assets available to pay the British inheritance tax, in consequence of which it became necessary for the estate to float a bond issue to pay the taxes.

For many years Hardoon constituted the largest single handicap to the improvement of what should have become one of the best retail streets in the world, comparable at least to the Ginza in Toyko. His refusal to improve his property resulted in Nanking Road being a street of cheap, insanitary shacks, many of them unsuited for occupancy and unfit for human habitation. Today, owing to the economic depression and the falling off of tourist trade, few of the retailers on Nanking Road are able to sell sufficient merchandise to pay their rents, but there has been no tendency to reduce rentals. Hardoon contributed little to charity throughout his long career, and while he received the best possible protection under British exterritorial jurisdiction he paid no taxes to the British treasury, at least not until after be was dead, and since his property was located within the Foreign Settlement he likewise paid

no taxes to the Chinese Government. The attorneys for the Hardoon estate, in the recent hearing demanded $564,108.97 for the narrow strip of property which the city required for widening the street. The award of $337,720 which the estate received accords strictly with accepted legal conceptions, but as stated in the foregoing, the decision of the land commission will bring little joy to Shanghai's now sorely-harassed tax-payers.

MODERN MISSIONARY MOVEMENT LAUNCHES FIRST APPEAL

ALTHOUGH entirely unnoticed in the local press, there has just been launched, from its recently established national headquarters in Chicago, a new departure in protestant Christian enterprise with respect to the Orient, which is to be known as the "Modern Missions Movement." The new development, which is certain to have interesting repercussions in the Far East, is a direct outcome of the Laymen's Foreign Missions Inquiry which involved an extensive examination of the entire foreign missionary enterprise in China and other Oriental countries. Readers of *The Review*, particularly those engaged in missionary enterprise, are familiar with the 7-volume report of the fact-finding committee which completed its investigations more than two years ago. This so-called laymen's report aroused bitter controversy in mission board circles both in the Far East and at home, and the opposition is not yet ended according to an article in the Jan. 10 *Christian Century* which stated that only five out of 67 boards cooperated in the preparation of the first list of "approved projects."

Of special interest is the list of so-called Selected Enterprises in China which the promoters of the Modern Missions Movement recommend for special support. They are:

1—The Fenchiachuang Experimental Rural Center, located three miles southeast of Paoting, Hopei province, north China.
2—National Committee for Religious Education, including participation of the World Sunday School Association, headquarters in Shanghai.
3—Paoting Station Program, including the Tung Jen Middle School, located at Paoting, Hopei province.
4—Yale-in-China, Changsha.
5—School of Science, Central China College, Wuchang.
6—Union Middle School, Changsha.
7—Hunan-Yale Hospital, Medical College, School of Nursing Changsha.

This list appeared in the initial number of the new bulletin of the movement issued from the Chicago headquarters. It was stated in this connection that the plan for selecting lists of specific enterprises and recommending them for support, "would be tentative, partial, positive and cooperative," and that no attempt would be made to "include all promising enterprises." The object in publishing lists of specific enterprises, from time to time, "was not to be construed as prejudicing the choice of other types or pieces of work and in naming enterprises the spiritual qualities of workers and of results had been regarded as basic prerequisites." Also it was stated that certain outstanding enterprises which had been submitted from the field and had been approved by the committees on research, were omitted from the list, pending permission of the mission boards concerned. According to the *Christian Century*, the boards which actually did cooperate in the publication of the initial lists of selected enterprises, included the American Board, Northern Baptist Board., together with Northern Baptist Women's Society, and the international committee and foreign division of the Y.M.C.A.

While the meeting, held in Chicago shortly after New Year, at which the Modern Missions Movement was launched, was attended by an unexpectedly large number of church leaders, clerical and lay, the *Christian Century* appeared to be somewhat skeptical as to whether this indicated genuine support. It is yet to be determined whether the movement will receive the support of the churches and boards and while no opposition has developed, there apparently was an attitude of "wait and see," according to the writer in the Chicago religious journal.

Although the Modern Missions Movement is an outcome of the Laymen's survey of missionary enterprise conducted in the Orient two years ago, its actual inspiration goes further back, to the stirring days of the Chinese Nationalist movement in 1927 and even before that. It represents a most serious attempt to reconstruct and modernize the whole missionary enterprise in the light of actual developments within China and other nations of the Orient. An examination of the list of initially recommended enterprises indicates the trend of thought among the leaders of the movement. Some idea of its ultimate objectives was conveyed by the following paragraphs from the *Christian Century*,

> "Here for the first time the signpost points to the road of a genuine missionary revival. For this is *the* hour for this new method of appeal to the Christian conscience. Thoughtful men of all theological camps view with constantly deepening apprehension the fatal lack of understanding and fellowship which is developing between west and east. Nowhere is this sense of moral responsibility deeper than among American Christians, millions of whom are burdened to the depths of their souls as evidence accumulates of the power of the forces which are operating to precipitate this nation into an oriental war. Not in a generation, therefore, has there been a time when a missionary enterprise conclusively certified as an effective agent in binding the nations together at the level of their deepest aspirations and emotions could turn to the churches of America with such overwhelming moral compulsion behind its appeal for support.
>
> "That is precisely what the Modern Missions movement can do, and what the publication of its first list of approved enterprises promises that it will do—if the churches and their boards will let it. In an hour when west and east alike seem slipping toward the horror of mutual slaughter, here is the opening of a way by which soul-stirred Christians may put their resources behind specific enterprises which are proving their ability, in the words of the laymen's report, "to seek with people of other lands a true knowledge and love of God, expressing in life and word what we have learned through Jesus Christ, and endeavoring to give effect to his spirit in the life of the world."

Japanese Loans, Anglo-American Loans, International Loans, Or No Loans at All!

BY the end of the present month the Japanese Government will be in debt to the amount of Yen 9,800,000,000, which represents an increase of 40 percent in three years, that is, since the military occupation of Manchuria in the fall of 1931. Since the Diet has now approved the new budget, amounting to Yen 2,190,644,000, it means that total expenditures for the coming year will be double the amount spent by the government ten years ago. This great increase in expenditures has been largely upon unproductive military items which now absorb somewhat more than 46 percent of the total budget. The annual cost of the army and navy has increased from Yen 340,000,000 in 1925-26 to Yen 1,023,000,000 at the present time. Since ordinary revenue in Japan has in the meantime decreased more than Yen 100,000,000 in the past decade, it doesn't require much genius in figures to see that the financial outlook in Japan is anything but favorable. In order to meet these vast expenditures it will be necessary for the Ministry of Finance to float further large bond issues, similar to what has been done regularly since 1931. Recently when Japan was faced with the problem of raising, or guaranteeing a further bond issue of Yen 170,000,000 to purchase the Chinese Eastern Railway from Russia, the venerable Finance Minister Takahashi issued a warning that the limit had been reached. Particularly was he worried about the outflow of capital to Manchuria, and well might he be worried on that score because Japan must find another Yen 100,000,000 before the end of the present year in order to meet a bond issue of the South Manchuria railway which matures in London on Jan. 1, 1935.

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In the face of this critical financial situation, and an uncertain industrial boom largely based on the munitions industry which may collapse at any time, it is difficult to see how Japan is in a position to make a loan to China. As a matter of fact that is exactly the view of the situation which was taken by the Japan Economic Federation, a powerful organization which includes in its membership such well known figures as Baron Seinosuke Goh, president of the Federation; Seijin Ikeda, managing-director of the Mitsui Gomei Kaisha; Hisakira Hijikata, governor of the Bank of Japan; Manzo Kushida, director-in-chief of the Mitsubishi Goshi Kaisha; Dr. Nagabumi Ariga, former managing-director of the Mitsui Gomei Kaisha; Toyotaro Isomura, president of the Hokkaido Colliery and Steamship Company; Kenji Kodama, president of the Yokohama Specie Bank; Seijiro Miyajima, president of the Nisshin Spinning Company, and Shimarichi Suzuri, former president of the Industrial Bank of Japan. The newspaper *Kokumin Shimbun* stated on March 2 that the Foreign Office and military authorities were seriously concerned at the attitude of the members of the Economic Federation because it was the first time that any group had adopted an independent attitude toward any scheme of the army since 1931. The *Japan Advertiser*, American paper in Tokyo, added the comment that the businessmen in Japan were sitting back and permitting others to take the lead in cementing friendly relations with Japan, fearing naturally, that if the businessmen should take the lead it would cost them money. Naturally, if the military finally decides that Japan should make a loan to China the bankers and businessmen will be compelled to dig down into their pockets and comply, despite the fact that many of them are still holding the bag for the Nishihara loans, advanced in 1918-1919, which, with defaulted capital and interest now amounts to some large and indefinite figure between Yen 600,000,000 and Yen 800,000,000. The Nishihara loans, needless to remark, were also advanced to China upon the instructions of the military general staff which thought that it saw a chance of establishing some grandiose scheme of control over China while America and the European nations were involved in the war.

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According to a report from *The Review's* correspondent at Canton, which appears elsewhere in this issue, Gen. Kenzo Doihara, the representative of the Japanese Kwantung army (in control of Manchuria) while in Canton apparently suggested that the chief purpose of a Japanese loan would be to refund and pay up the defaulted interest on the Nishihara loans and at the same time induce China to call off the anti-Japanese boycott, recognize Manchukuo and also employ a large number of Japanese military, aviation, agricultural and other advisers. If Doihara actually made such a suggestion, Japan's enemies should pray for an early military dictatorship in Japan, for nothing probably could bring about a quicker collapse of Japan's financial economy and at the same time promote another revolutionary uprising in China quicker than the dumping of further large sums of Japanese money into this country along the lines of the Nishihara loans combined with a policy similar to that of the Twenty-One Demands of 1915. The *Osaka Asahi* on March 8 also expressed considerable doubt about a loan to China, allegedly on the grounds that China was not "sincere." Proof of this, according to the Osaka paper, was evidenced in the fact that China had previously applied to the British Hongkong and Shanghai Bank for a loan of £20,000,000, but had been turned down on the ground that conditions were too unsettled in the relations of China and Japan. The Osaka paper therefore concluded that this constituted the real reason for the enthusiasm evinced by the Chinese authorities over the betterment of Sino-Japanese relations. The *Jiji*

Shimpo, however, viewed the situation in more charitable light and suggested that financial help to China should follow a program somewhat along these lines:

1. The United States is not enthusiastic about another loan to China because of the failure of the recent wheat and cotton loan. Great Britain has turned down a Chinese request for a loan. Thus there is perfect understanding among Japan, the United States and Great Britain that China must not be given a loan that is designed merely for palliative relief.

2. The Japanese Government is confident that China has sufficient strength of its own for recuperation and recommends that it consider measures that will not require foreign assistance.

3. Japan has the utmost sympathy with adjustment of China's finances and is willing to study the problem with Great Britain and the United States.

4. Adjustment of China's finances is believed to require reform of the Chinese monetary system.

5. As the present financial difficulties of China are the result of the heavy outflow of silver, there must be fresh examination of its silver standard policy. For the time being, however, China cannot adopt a gold standard. This makes it necessary for the Powers concerned to seek jointly a way to solve the problem.

6. Their joint quest must be limited strictly to an investigation of the essentials for restoration of China's finances. Japan will definitely reject the inclusion of more general topics for international discussion, for there is danger of international control of China being proposed. Japan is unalterably opposed to international control.

7. Parallel with the international study of ways and means to help China help itself, Japan is willing to negotiate separately with China for economic co-operation.

There has been so much of a conflicting nature published in the newspapers on the loan issue that it is difficult to determine where it all started, or where it will end. If one would believe the reports from Tokyo, Washington, London and Paris everybody favors a loan to China, but this doesn't mean that a loan will be forthcoming immediately; as a matter of fact Dr. H. H. Kung, Finance Minister made a statement last week that the negotiations were at the initial stage and much time would be required before the matter was settled. When one gives regard to the conflicting interests of the Powers it is difficult to see how they ever could get together on a joint loan because each nation will have its own particular (or selfish) objectives. Even though America, Britain and France might be able to get together, the Japanese would still constitute a stumbling block because participation in a joint loan would be contrary to everything the Japanese warlords have preached since their occupation of Manchuria in 1931. Koki Hirota, Foreign Minister, who also has his own militarists to reckon with, has already declared his opposition to an international loan. Apparently the only basis upon which Japan would participate would be with Japan in a predominant position, which would amount to Japan's borrowing the money and relending it to China on her own terms, and since this would be highly detrimental to the other Powers' interests, they obviously would not consent to such procedure. However, there is one element in the situation which might, conceivably, cause the Japanese to change their attitude: Japan is herself in a desperate financial situation, hence, in order to obtain funds and restore her own credit, she might be induced to act sensibly on the matter of a joint loan to China. But here again, as stated, one runs up against the attitude of the Japanese warlords who have convinced themselves of their ability to administer the affairs of Asia without Occidental assistance.

Then, of course, there is the matter of China's feelings on the matter, something which almost everybody apparently has overlooked. One foreign editor in Shanghai even suggested that China should be induced (or compelled) to grant a 30-year extension of the exterritorial and other treaties, in exchange for a foreign loan. In view of the fact that there has been so much talk and interpretation of the views of the late Dr. Sun Yat-sen, it might be of value to reprint his statement on the subject as outlined in the "Program of National Reconstruction:"

1. Various governments of the capital supplying powers must agree on joint action and unified policy on organization to assure smooth function, efficiency and economies.

3. Foreigners in charge are to train Chinese who are to take control as soon as principal and interest have been paid back on loans.

4. China's greatest needs must be met.

5. Lines of least resistance must be followed.

6. Most suitable localities must be chosen.

It is obvious to all thinking Chinese that there is a world of difference between the actual doctrines of Dr. Sun Yat-sen and the interpretations which are now being read into his early statements on Sino-Japanese relations. As indicated in the article from Canton published elsewhere in this issue, Dr. Sun declared that it should be China's policy to "ally herself in a common struggle with the people of the world who treat China on the basis of equality." The so-called "Pan-Asian" movement which he sponsored was based on China's complete independence and most obviously not on the basis of China's occupying a semi-colonial position within the Imperial Japanese Empire as envisaged in the recent declarations of Japanese militarists and diplomats. There has been no change in imperial Japanese policy toward China on the Manchurian or any other issue, but owing to recent domestic developments within Japan and developments in Japan's external relations with America and Britain, the Japanese have been forced to change their methods of approach. They are now using soft words and the promise of loans, but the bayonets are still there and may be glistening out in front again at any moment. Dr. S. Washio, well known Japanese publicist, in the course of a recent article in the *Japan Advertiser* wherein he expressed apprehension over the success of Japan's new policy, declared, *"It is to be hoped that the developments of the past three years have convinced China of the wisdom of cooperating with Japan."*

C.E.R. Transfer Ends Century Old Russian Adventure in Manchuria

THE negotiations which have resulted in clinching the transfer of the Chinese Eastern Railway (now changed to the "North" Manchuria Railway, as the counterpart to the South Manchurian Railway) to Manchukuo—which is in reality Japan—bring to an end the last of the Czarst imperialistic ventures in the Far East and incidentally mean another triumph for the Japanese *vis-a-vis* the United States, as American policy in the Far East for the past two decades has included measures having as their object keeping the Chinese Eastern Railway out of Japanese hands. It also means a very decided triumph by the Japanese over the Soviets, as the latter have been obliged to let go of this hold-over from Czarist days—which they for some unaccountable reason held on to despite their previous declarations of not wishing to benefit from the imperialistic policy of the Czarist government. The Japanese are getting the railway for a mere song; they were gradually strangling its business by competing lines and discriminatory practices—and, it may be incidentally added, by conducting their enterprises more efficiently and economically.

The story of the Chinese Eastern Railway has been told so often in newspapers, magazines and books that there would be no point in repeating it *in extenso* at this time. In its broad outline the story is as follows:

The Czarist government, denied an ice free port in Europe, wished to have close communication with Vladivostok, way off in Asia, which, by the aid of ice-breakers, is navigable the year round. This was the motivation for the trans-Siberian railway. But a direct line between Manchuli and Pogranichnaya was only possible by a line run across Manchuria. Following Li Hung-chang's visit to St. Petersburg in 1896 to attend the Czar's coronation, Russia chartered a private corporation known as the Russo-Chinese Bank, which financed the construction of the Chinese Eastern Railway —as the line across Manchuria was known. Later a spur was run down from Harbin to Port Arthur and Dairen; but, hardly had this line been put into operation, when the Russo-Japanese war occurred, as a result of which the line south of Changchun had to be ceded to the Japanese.

Japanese policy has ever since been directed to getting hold of the rest of the line. They would have got it during the World War, but American participation in the Siberian expedition and the placing of an inter-Allied Board, with the celebrated American engineer John F. Stevens, at the head, in charge of the railway, following the Bolshevist revolution, frustrated Japanese plans at that time. Later the Bolshevist Government asserted its authority over the line, cleverly inducing the Chinese Government to come to an agreement by harping upon the imperialistic designs of the Japanese (and also Western) nations, as compared with the non-imperialistic aims of the Soviets. A separate agreement was made with Chang Tso-lin, then war-lord of Manchuria, in September 20, 1924 supplementing one made with China in May 31, 1924. The part of the treaty relating to the Chinese Eastern Railway provided that it was to be a purely commerical undertaking, that Chinese administrative authority was to be maintained, China to have the right to redeem the road with Chinese funds, etc. In its practical working out, the Soviets did not give the Chinese a controlling voice in the management. Frequent clashes occurred on this point with Chang Tso-lin, who at one time arrested Mr. Ivanov, the Russian manager of the line. However, it was after the assassination of the elder Chang, and after Chang Hsueh-liang had announced his allegiance to the Nationalist Government that real trouble with the Soviets began. The Kuomintang doctrine of recovery of rights included the C.E.R. During 1929 Chang Hsueh-liang proceeded to take over the line by force, on the ground that the Russians had violated that 1924 agreement. The squabble over control of the line eventually resulted in the Russians bombarding various western Manchurian towns in the latter part of 1929, as the result of which the Russians were able to regain control of the line. But the Mukden incident of 1931 put quite a different complexion on affairs, and the problem which the Soviets had to meet was a new Manchurian administration which was a thinly disguised camouflage for Japan itself. Details of recent occurrences follow.

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First Instalment to Be Paid March 23

The initialing of the transfer agreement by which Manchukuo takes over the Chinese Eastern Railway took place at the Japanese Foreign Office March 12, with Constantin C. Yureneff, Soviet Ambassador, and Gen. Ting Shih-yuan, Manchukuo minister to Japan, taking the leading parts in the procedure.

Rengo states that Manchukuo will pay Russia its first instalment of Yen 13,000,000 on the purchase price of the North Manchuria (Chinese Eastern) Railway on March 23, simultaneous with the formal signing of the transfer agreement in Tokyo. Ministry of Finance authorities and directors of the Yokohama Specie bank met Mar. 9 to discuss means of payment should the Soviet authorities request that the amount be converted into sterling. This step was taken, it was officially explained, so that the conversion of such a large sum would not affect yen quotations.

A representative of the Japanese Governnment also initialed a guarantee for the full payment by Manchukuo of Yen 170,000,000, the price for the Soviet share in the railway.

A three-sided protocol, establishing the valuation committee that will decide on the worth of the goods that will comprise two-thirds of the payment for the line, was also initialled.

Imperial sanction for the part of the final agreement dealing with Japan's guarantee of the payment to Soviet Russia is to be obtained March 20, at a regular meeting of the Privy Council, with the formal signing of all documents taking place March 23.

History of the Negotiations

The ceremony on March 23 will bring to a final conclusion negotiations set in motion in May, 1933, when the Soviet Government expressed its willingness to transfer the line to Japan or Manchukuo. Fifty-six meetings were held between Soviet, Japanese and Manchukuo delegates before the initialing took place, the 20 months of negotiations being punctuated by frequent charges and counter charges of insincerity. Six initial meetings in the summer of 1933 between representatives appointed by the U.S.S.R. and Manchukuo having proved fruitless, Mr. Hirota entered into negotiations with Constantin Yureneff, Soviet

ambassador. They met 24 times over a period extending for several months. The original price asked by the Soviets was 250,000,000 gold rubles, which at the rate of exchange of that time reached Yen 625,000,000. The Manchukuo counter-proposals amounted to Yen 50,000,000. The conversations dragged on until October, when the Soviet authorities made sensational charges, alleging that they had secured documents showing that General Taka Hishigari, then Japanese Ambassador to Manchukuo was planning to seize the railway by force The negotiations reopened in Feb., 1934, when the Soviet Government offered its share of the railway for Yen 200,000,000. On April 26, the Manchukuo Government raised its original bid to Yen 100,000,000. An impasse resulted, which was broken on June 23, 1934 by a proposal of Koki Hirota, Foreign Minister, in his capacity as a mediator, to set the final price at Yen 120,000,000 as contrasted with Soviet Russia's final demand of Yen 170,000,000,

The proposal was rejected by the Soviet Government on August 10. Whereupon Mr. Hirota advised the representatives of Soviet Russia and Manchukuo to settle the affair by direct negotiations. Four unsuccessful meetings were held and a few days later the conversations were terminated.

Meanwhile, as the result of frequent attacks on troop trains along the eastern branch of the railway the Manchukuo authorities made arrests of culprits, many of whom were Soviet citizens. The wave of arrests culminated on August 13, 14, and 16, when an undisclosed number, generally placed in excess of 50, of Soviet employees of the railroad was detained by the Manchukuo authorties.

In a reply to a Soviet note of protest on August 22, Mr. Hirota, on September 4 disclaimed all responsibility for the arrests, and negotiations were broken off for several weeks.

The negotiations were resumed late in September, when the Soviet Government through Mr. Yureneff, proposed to sell the railway for Yen 140,000,000, with an additional Yen 30,000,000 to be paid by Manchukuo in retirement allowances, and on this basis agreement was reached.

The main points having been agreed, the settlement of details was turned over for discussion in December, 1934, to Benedict Kozlovskii, a special delegate from Moscow and to Shigenori Togo, director of the Bureau of Eurasia Affairs at the Japanese Foreign Office.

They met eight times, and during the night of Jan. 21, after a session lasting seven hours, they announced that a settlement had been reached and that a committee of representatives of Japan, Manchukuo and the U.S.S.R. would be organized at once to draft the actual agreement.

The Documents Covering the Sale

The documents in the sale of the Chinese Eastern railway, consist of the main agreement between the USSR, and Manchukuo, a triangular protocol between the USSR, Japan and Manchukuo, and a series of notes which must be exchanged between Japan and the USSR in connection with the sale of the CER. The agreement between the USSR and Manchukuo contains the following: The indroductory part of the agreement states that the agreement for the sale of the CER is being concluded for the sake of strengthening peace in the Far East. According to the agreement, the USSR concedes all its rights in the CER to the Government of Manchuko for 140,000,000 Japanese yen (payments due to the Soviet employees and workers leaving the CER service, and amounting to approximately 30 million yen not included). One-third of this sum, or 46,700,000 yen must be paid in cash. 23,300,000 yen will be paid in cash immediately upon signing of the agreement, and the second half of the cash part of the purchase prise will be paid by Treasury obligations of Manchukuo, redeemable in equal portions during three years in four instalments, with addded 3 per cent yearly interest.

The agreement establishes a so-called "gold reservation", namely, in case of further fall of the yen rate, the payments received by the U.S.S.R. should be increased correspondingly. The remaining two-thirds of the purchase price, or 93,300,000 Yen must be paid in goods of Japanese and Manchurian firms in accordance with orders of the Trade Delegation of the U.S.S.R. in Japan during three years. These goods will be paid for by the Manchukuo Embassy in Japan through the Japanese Trade Bank.

Manchukuo comes into possession and management of the the railway immediately after the signature of the agreement. The agreemeni establishes the procedure of transfer of all assets and liabilities of the railway to the new owner.

A special section of the agreement is devoted to the protection of interests of Soviet employees and workers of the railway. It provides that all Soviet employees and workers of the C.E.R., in case of their dismissal by the new Manchurian administration, receive full payment in accordance with the existing C.E.R. regulations. They will obtain full settlement of their accounts with the railway, will be provided with pensions, etc.

At present the C.E.R. has about 6,900 Soviet employees, more than 80 per cent of whom are expected to return to their country soon after the transfer of the railway.

The agreement also provides for mutual dropping of claims for railway property between the Chinese Eastern and Soviet railways. A special agreement will be concluded about the settlement of questions of direct passenger and goods through traffic between Soviet and Manchurian railways.

The protocol concluded between the U.S.S.R., Japan, and Manchukuo contains provisions regarding securing normal conditions for placing orders by the Soviet trade delegation with Japanese and Manchurian firms. A special conciliation committee will be formed for the settlement of possible diffreences between the trade delegation and firms, consisting of two representatives of the U.S.S.R., one of Japan and one of Manchukuo.

Japanese Government to Guarantee Payments

By a special note which the Japanese Government undertakes to guarantee all payments in cash and goods, due to the U.S.S.R. in connection with the cession of Soviet rights to the C.E.R. In another note, the Japanese Government guarantees the transfer of all payments due to the U.S.S.R.

The agreement will come into force immediately after its signing.

Cabinet Approves C.E.R. Agreement

Members of the Cabinese in Tokyo, March 10 approved the terms of the agreement on the transfer of the North Manchuria (Chinese Eastern) Railway to Manchukuo.

Assets and Liabilities of C.E.R. Are Revealed

Auditors of the Manchukuo Government March 7 disclosed the assets and liabilities of the North Manchuria (Chinese Eastern) Railway as reported to them by M. Rudy, director of the line. They are: Assets—Rbls. 106,376,328.60 Liabilities—Rbls. 16,-525,010.77.

Japanese to Send Silk in Payment for Railway

Silk, one of Japan's major products, may be sent to Soviet Russia by Manchukuo in payment for the Chinese Eastern Railway, Tadao Matsumoto, Parliamentary Councillor of the Foreign Office predicted in the Japanese House of Representatives Mar. 12.

"The Foreign Office is conducting negotiations with the Soviet authorities on the inclusion of silk in the list of commodities to be handed over to Russia in partial payment for the N. M. R.", Mr. Matsumoto said.

The statement was made in reply to a question on the steps taken by the Government to revive the Japanese sericultural industry.

Hirota and Yureneff Confer on Pending Issues

Following the initialling of the C.E.R. agreement Koki Hirota, Foreign Minister, and Constantin Yureneff, Soviet Ambassador to Tokyo, discussed in private the outstanding Soviet-Japanese problems. The conversation, which lasted an hour, was held at the request of Mr. Hirota.

Although no official statement was issued, it is learned from circles close to the Foreign Office that the fishery agreement revision, the establishment of a border dispute commission, and the North Saghalien oil prospecting were among the questions discussed by the conferees.

Manchukuo to Open Consulates in U.S.S.R.

Opening of Consulates-General in Moscow and two other Soviet cities has been decided upon by the Manchukuo Government, according to an official report from Hsinking. The move, which was stimulated by the initialling of the C.E.R. transfer agreement, aims at the improvement of Soviet-Manchukuo relations, according to the report.

War Office Spokesman Say Optimism Is Premature

Although the initialling of the CER transfer agreement will undoubtedly serve to improve the relations among Japan, Manchukuo and Soviet Russia, "it is premature to be optimistic", a spokesman of the War Office stated in Tokyo, March 11.

Manchukuo Purchase of Railway Will Not Affect Yen

Manchukuo's purchase of the North Manchuria (Chinese Eastern) Railway involving an initial payment of Yen 22,353,000, borrowed from a Japanese banking syndicate, to Soviet Russia, will not affect Japanese foreign exchange quotations, Ministry of Finance authorities stated in Tokyo March 12.

Measures necessary to forestall any effects upon the yen, consequent upon the outflow of funds from Japan following the payment, have already been taken by the Ministry through the Yokohama Specie Bank, they stated.

Anti-Soviet Activities in Manchuria

In connection with the approaching termination of negotiations for the sale of the C.E.R., aggressive anti-Soviet circles in Harbin are stated by *Tass* to be intensively spreading rumors that the "Red Wreckers" are preparing to blow up bridges, tunnels and other railway structures the day the agreement is signed.

China Protests Against Sale of C.E.R.—Says It Is Illegal

The Nanking Ministry of Foreign Affairs Mar. 11 lodged a strong protest with the Soviet Government against the sale of the Chinese Eastern Railway by Soviet Russia to Manchukuo. The note pointed out that China had twice

protested against the negotiations for the sale of the Railway and that in accordance with the Mukden Protecol of 1924, the rights over the line are lodged jointly in the hands of China and Soviet Russia and that no one can dispose of it without the consent of the other. In view of the Soviet Government's utter disregard of the Chinese rights, the note further states, Dr. W. W. Yen, the Chinese Ambassador to Moscow, has been instructed to protest again with the Soviet Government against the consummation of the agreement for the sale of the Railway. The note emphasized that as the sale of the Railway is absolutely illegal, whatever agreement that might be concluded regarding its disposal will not be valid and that the Chinese Government reserves all the rights over the same despite the unilateral action on the part of the Soviet Government.

China's Protest Against C. E. R. Sale Delivered at Moscow

The protest of the Chinese Government against the illegal transfer of the Chinese Chinese Eastern Railway by Soviet Russia to the puppet state of Manchukuo was formally delivered to the Soviet Government Mar. 11 by Dr. W. W. Yen, Ambassador at Moscow. Dr. Yen in delivering the note of protest drew the serious attention of the Soviet authorities to the fact that the sale of the railway constitutes a violation of the Sino-Russian Agreement of 1924 and is therefore illegal and without binding force on China. Dr. Yen also declared that the Chinese Government continues to reserve all the rights and interests over the railway despite the unilateral action on the part of Russia.

China Files Statement with League Repudiating Sale of C. E. R.

The Chinese Government Mar. 12 filed a statement with the League of Nations, repudiating the sale of the Chinese Eastern Railway by Soviet Russia to the puppet state of Manchukuo and defining China's stand towards the question. The statement points out that as the sale is a violation of the Chinese rights over the Railway, the Chinese Government will under no circumstances recognize its validity.

Japanese Claim C.E.R. Properties in Shanghai Are Included in Sale

The properties in Shanghai of the Chinese Eastern Railway are included in the agreement for the sale of the line to Manchukuo by Russia, according to the spokesman of the Foreign Office when questioned in Tokyo March 13 concerning the status of the properties. The Spokesman declared that, under the agreement for the sale of the line, the Soviet had transferred "all the Chinese Eastern Railway properties to Manchukuo," and the new State, he emphasized would "take possession of all of them."

Whether Manchukuo will ask a third party to arrange the transfer of the property, in view of the fact that China and Manchukuo lack the ordinary diplomatic channels through which such matters are usually arranged, has not yet been decided. The indications are that the matter of the possession of the Shanghai wharves may develop into a matter of grave concern between China, Manchukuo and Japan, because of China's steadfast refusal to recognize Manchukuo and her continued protests to the Soviet Government over the sale of the C.E.R., over which she claims jurisdiction and a heavy property interest.

The C.E.R. land, which is on the Pootung side of the river about one mile above Avenue Edward VII and the Bund, is bounded on the north by the Ta Te Bean Cake Company, on the East by Sing Yu Godown and by a strip of land leased from the Sing Yu Company, and on the south by the Sing Yu Company. The Sing Yu strip on the south facing the river, however, it is only 20 feet wide, and is next to the Japanese Ta Ts'ang Wharf. Further south adjoining is the O.S.K. Wharf and the Nisshin Kisen Kaisha Wharf. If the property is transferred to the Japanese, Nippon interests will have almost half a mile of river frontage opposite Nantao, with the exception of a 20-foot strip. The Wharf has a river frontage of 450 feet and a pontoon frontage of 300 feet. The property is enclosed by a concrete wall on all sides but the riverside; there is a small wharf office and a small godown. The lot has been registered for some years at the American Consulate-General as "U.S. Consular Lot No. 836." The land has an area of 12,183 mow and has a valuation of $210,000.

Singapore Chinese Ask C. M. S. N. Co. to Extend Service

That a new shipping route between China and the Straits Settlements be inaugurated by the China Merchants Steam Navigation Company, is urged by the Shanghai City Chamber of Commerce in a petition to the Ministries of Communications and Industry. The petition was despatched at the request of the Chinese General Chamber of Commerce in Singapore. The project would have the full support of all Chinese in Singapore, the petition stated.

S.M.R.'s Railway Receipts Set Unprecedented Record

The railway receipts of the South Manchuria Railway at the end of February (1934-5 account) reached a sum of Yen 122,500,000, a new high record since the founding of the company, or a gain of Yen 13,200,000 over the figure for the corresponding period of last year.

S.M.R. Plans to Invite More Chinese Capital to Manchukuo

The branch offices of the South Manchuria Railway Company in Tientsin, Tsinan, Tsingtao, Canton, Hankow, Amoy and Nanking are to be either reorganized or abolished and moved to other cities more important in the light of recent developments in Sino-Japanese friendship, according to a recent report from Tokyo. The decision is in line with the company's policy to invite and sustain a greater volume of Chinese capital in Manchukuo.

Wuhan Takes Stern Steps to Suppress Three Major Evils

Acting under orders from General Chiang Kai-shek, President of the Military Affairs Commission, the Public Safety Bureaus of Hankow and Wuchang will enforce from March 14 stern measures for the suppression of the three major evils of gambling, opium-smoking and prostitution in the two cities. Severe punishment will be meted out to those who are found guilty of indulging in such evil habits.

Death Penalty Threatened for Drug Addicts

An order has been received by the Nanking Municipal Government from General Chiang Kai-shek, President of the Military Affairs Commission, to the effect that hereafter drug addicts applying for the cure of their habit at the Municipal Hospitals are required to sign an affidavit promising that they are willing to be subject to death penalty in case of resorting to the use of the drugs again after the cure of their habit.

Chang Ming-chi was sentenced to death by the tribunal attached to the Tientsin Garrison Commander's Headquarters, Mar. 11 for engaging in the narcotic traffic. His execution will take place when the sentence is approved by the Peiping Branch of the Military Affairs Commission.

Stanislas Adamsky, a 45-year-old Pole, was arrested in the French Concession last week and arraigned in the Second District Court on charges of being concerned in operating a morphine plant and having connections with a large narcotic ring.

The Police of the French Concession in Shanghai during the past several weeks have conducted a series of raids on gambling and opium establishments. The proprietors are being prosecuted in the Second District Court, while gambling equipment and narcotics, including red pills, are being confiscated.

Two Heroin Addicts Executed at Peiping

Two heroin addicts (a rickshaw puller and a former army officer) were executed at Peiping, Mar. 9 by shooting for having relapsed into their drug habits after undergoing a cure at the municipal treatment centre. Before their execution, the condemned men were paraded through the treatment center as a warning to patients of what would happen to them if they relapsed after the cure.

Manchukuo to Purchase Seven Million Gallons of Oil

Rengo states that a total of 7,000,000 gallons of oil will be purchased by the Manchukuo Government from the British, American and Netherlands petroleum concerns, under the terms of the Oil Monopoly law. Negotiations for the purchase of petroleum from foreign firms are already afoot, with Naoki Hoshino, Director of the General Affairs Board of the Hsinking Ministry of Finance, representing the Manchukuo Government.

Lord Francis V. W. Barnby in the course of his greetings delivered at a meeting of the Council of the Anglo-Japanese Trade Relations held in London Feb. 26, stated in a speech that he believed that this is not the time for Japan to attempt a radical and blind advance. For example, regarding the oil question in Manchukuo, Japan caused an unnecessary sensation by announcing her monopoly plan, whereas the monopoly sale was not in effect even now. His experience was that a radical expansion is always accompanied by depression.

Japan's New China Policy Ready For Enforcement; Gen. Chiang Unifies Command of Anti-Red Forces

HIGH LIGHTS IN THE EVENTS OF THE WEEK:

1. **March 27 Will See Inauguration of Japan's New China Policy.**
2. **Reported Japanese Consular Conference in Shanghai in May.**
3. **Nanking's Policy Towards Japan Strongly Opposed by Southern Leaders.**
4. **Japanese Renew Armed Activities in Eastern Chahar.**
5. **Gen. Chiang Kai-shek Unifies Command of Anti-Red Forces.**
6. **Heavy Fighting With Reds in Szechuan and Shensi.**
7. **Communist Situation in Kweichow Said Serious**
8. **China Observes Memorial Day for Dr. Sun Yat-sen.**

The *Osaka Mainichi* on Mar. 2 reported that Foreign Minister, Koki Hirota, will embark on a new policy on Mar. 27, when Japan's withdrawal from the League of Nations will become effective. The salient points of the new policy, according to the paper, are as follows:

1. The Japanese government, abandoning its previous attitude of regarding China as a "equasi state" will extend all necessary support to enable her to become a nation of law and order, if China shows a desire for normalization of Sino-Japanese relations by strictly observing her treaty obligations and subduing the anti-Japanese boycott.

2. The extent of political or financial aid to be given China is to be determined in direct ratio to China's friendly actions toward Japan. These are to be extended gradually in accordance with the principle of reciprocity. Under no circumstances will conditions that impose a lopsided burden on either party, as a result of a derangement in such reciprocity, be allowed.

3. Most important at this juncture is the fact that China must recognize her duty of respecting the rights and concessions of Japan, protected by established treaties, along with the promotion of friendly Sino-Japanese relations.

This means that Japan cannot at once agree to the Chinese claim for recovery of all her national rights, on the principle of the equality of nations, under the pretext of the favorable change in her policy toward Japan.

4. In the event China stipulates new agreements with interested powers, excepting Japan, regarding tariff, trade, extrality, and river navigation question, China must see to it that her friendly relations with Japan are not jeopardized. Otherwise, Japan is liable to adopt measures that will prevent China from taking advantage of the most favored nation clause, which may be reserved in new pacts that she concludes with any third party.

5. Although Japan does not desire to participate in any loan which China may ask of a third party consortium, Japan cannot remain disinterested if a scheme is involved which affects the political situation in the Far East.

6. If China, understanding the above mentioned sincere aim of Japan, desires co-existence and co-prosperity with Japan, Japan will extend all possible financial and economic assistance in the expectation of her emancipation from all international yokes.

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An important statement on Sino-Japanese relations was made by Foreign Minister Hirota Mar. 1 in the course of his reply to Hisayoshi Namba, Seiyukai, at a meeting of the committee of accounts of the House of Representatives.

Mr. Hirota said:

"Japan's relations with China are very old but heretofore the relations have been more or less bad rather than good. It is the grace of Heaven that China, realizing her wrong, has changed her thought in favor of Sino-Japanese friendship. Should we fail to seize this grace of Heaven and fail to achieve Sino-Japanese friendship, posterity would laugh at us.

"We are, therefore, endeavoring with full sincerity for concrete realization of Sino-Japanese co-operation and friendship in contact with all quarters.

"But although General Chiang Kai-shek, Wang Ching-wei and other Chinese Government's leaders have changed their attitude in favor of positive friendship with Japan, we must take note of the fact that there is a considerable number of the people of China who have long held unfriendly feeling toward Japan. And it is most likely that it will take time before the policy of the Chinese Government is reflected in the attitude of the Chinese masses and Sino-Japanese friendship is achieved in concrete form. We sincerely hope that such a time will come the soonest possible.

"In any case we must cultivate friendship with not only the Central quarters but also the Southwest faction. At a proper opportunity in the future we shall convey the intentions of the Japanese Government to the Southwest faction also so that Japan may improve Sino-Japanese friendship in general."

REPORTED JAPANESE CONSULAR CONFERENCE IN SHANGHAI

According to information from Japanese sources, a conference of Japanese consular officials in China will be held in Shanghai sometime in May, at which Koki Hirota, the Japanese Foreign Minister, who is reported to be coming to China by that time, will preside. The information states that during the conference, Mr. Hirota will anounce the Japanese foreign policy towards China and formulate measures for better and closer co-operation between the Japanese Minister and Japanese consular officials in China. He will also give definite instructions to the consular officials as to the dealing of diplomatic affairs in China in accordance with the peculiar conditions of the various localities.

The information further states that Akira Ariyoshi, the Japanese Minister to China, will leave for Japan on April 3 by the s.s. Shanghai Maru. He is understood to be preparing an important memorandum on his observations in China, which will be submitted to Mr. Hirota for reference.

CHINESE MINISTER TO JAPAN ALSO RETURNING

General Chiang Tao-ping, the Chinese Minister to Japan, is also shortly returning to China for a visit. Minister Chiang is expected to start his trip in the early part of April.

JAPAN SATISFIED WITH WANG STATESMENT OF POLICY

Akira Ariyoshi, the Japanese Minister to China, called on Wang Ching-wei, President of the Executive Yuan, in the afternoon of Mar. 7 and had an hour's conversation with him. During the conversation, Mr. Ariyoshi expressed satisfaction on behalf of the Japanese Government at President Wang's recent speech on Sino-Japanese relations at the Central Political Council and General Chiang Kai-shek's telegram endorsing President Wang's views.

A note of warning against "too sanguine hopes" or the cessation of the anti-Japanese boycott in China was sounded by Heitaro Yokotake, Commercial Counsellor of the Japanese Legation, at a conference in Osaka on Mar. 7 with representatives of the Osaka Chamber of Commerce and Industry. Mr. Yokotake urged the necessity of "watchful waiting" for Japanese merchants and industrialists.

CHINESE BANKER SEEKS ECONOMIC PARLEYS WITH JAPANESE LEADERS

The Tokyo *Asahi* reported that Chang Chia-chu, brother of the Governor of the Bank of China, Chang Kung-chuan, arrived at Nagasaki from Shanghai Feb. 23 with a party of eight men. Mr. Chang, according to the paper, was sent by the Nanking Government as an "unofficial economic envoy." He and his party plan to spend about three months in inspecting closely economic and financial conditions in Japan and Korea.

"During my stay in Japan, I shall exchange views with important Japanese business leaders," Mr. Chang told an

Asahi correspondent. "My visit has no political significance. My aim is to see the economic conditions of this country. As an economic envoy, I hope to pave the way for restoration of Sino-Japanese trade relations to their former prosperity. Japan and China have been laboring under misunderstanding, but the situation should improve if they co-operate. Their watchword must be 'Live and let live!'

A Nanking dispatch published in the Tokyo *Asahi* on Feb. 27, stated that the joint proposal recently submitted by Wang Ching-wei and Gen. Chiang Kai-shek to the Central Political Council to accord full protection to the life and property of the people and freedom of pursuit of business in accordance with tthe Provisional Constitution was designed to prohibit the anti-Japanese sentiment and the boycotting activities of Japanese goods.

MAJ.-GEN. ISOGA NAMED NEW JAPANESE MILITARY ATTACHE IN CHINA

Lieut.-Gen. Yochiyuki Suzuki, military attache to the Japanese Legation in China, will be replaced by Maj.-Gen. Rensuke Isogai, General Staff officer, according to a *Rengo* report. The change will take place during the regular March transfers, Lieut-Gen. Suzuki being appointed commandent of the Ninth Division in Ranan, Korea, succeeding Lieut.-Gen. Sadao Ushijima. Maj-Gen. Isoga recently visited North China.

NANKING'S POLICY TOWARDS JAPAN STRONGLY OPPOSED BY SOUTHERNERS

Rengo reported from Canton on Mar. 5 that despite his earnest desire to promote friendly relations between China and Japan he is strongly opposed to the policies pursued by the National Government apparently designed to effect an early realization of Sino-Japanese rapprochement, General Chen Chi-tang, Commander of the Kwangtung Provincial forces, asserted during his interview with Major-General Doihara.

During their conversation, General Chen reiterated his views on various Sino-Japanese problems, chiefly from the standpoint of the so-called "militarist groups" of the Southwestern faction, of which he is generally regarded as the master-mind.

General Chen pointed out that he agrees with those leaders of the "civilian groups" of the Southwestern clique in opposing Nanking's moves in connection with the projected normalization of Sino-Japanese relationship on the ground that Nanking's attitude in this respect lacks sincerity. He further explained to the Japanese officer regarding the various political complications existing between Nanking and Canton.

General Doihara called General Chen's attention to the persistent activities of anti-Japanese bodies in Kwangtung Province, which, he pointed out, virtually made ti impossible for the Japanese to carry on business activities in the province.

In reply to General Doihara's assertion. General Chen Chi-tang is said to have assured the Japanese military leader that he would exercise strict control over alleged anti-Japanese activities, and that he would also make every effort to promote better feeling towards Japan among the people of the province.

The *Nichi Nichi* reported that during Mai-Gen. Doihara's interview with Hsiao Fo-cheng, the veteran Chinese Party leader told the Japanese visitor his views as follows:

"I entirely support the view of Hu Han-min on Sino-Japanese co-operation. In my opinion General Chiang Kai-shek is responsible for causing the Manchurian Incident. He depended too much on the League of Nations for the avowed purpose of opposing Japan on permanent basis. He found himself in a bad fix and is now working for Sino-Japanese co-operation. I am absolutely opposed to his way of doing things."

Tsou Lu, also criticizing the manner of Wang Ching-wei and General Chiang Kai-shek in handling Sino-Japanese relations, said:

"The Southwest faction has been practising international friendship earlier than the Nanking Government. We hope that Japan with her plentiful economic power will assist China as soon as possible as a State policy. General Chiang Kai-shek has dissipated hundreds of milions during the last six years out of the State coffers.

"We need not hear from Major-General Doihara regarding the spirit of the founding of Manchukuo. The late Sun Yat-sen said that he would not mind giving Manchuria to Japan if real Sino-Japanese co-operation materialized. We want to endeavor for real and concrete Sino-Japanese co-operation."

KWANGSI LEADER'S VIEW OF SINO-JAPANESE RAPPROCHEMENT

Major-General Doihara also called on General Li Tsung-jen, Commander-in-Chief of the Kwangsi Provincial Forces, and asked the Kwangsi leader for his views concerning Sino-Japanese rapprochement and economic cooperation between the two countries.

General Li replied that the rapprochement should be promoted on the principle of mutual independence and equality and that economic cooperation should be effeced in a spirit of reciprocity.

Maj.-Gen. Doihara left Hongkong for Fukien March 10 aboard the s.s. Haikow. He is expected to spend a few days at Foochow, where he will visit General Chen Yi and other high officials of the Fukien Provincial Government. Then he will return to Japan by way of Formosa.

JAPANESE RENEW ARMED ACTIVITIES IN EASTERN CHARHAR

Just one month after the Sino-Japanese parley at Tatan, western Jehol, for settlement of the eastern Charhar dispute, reports received by the Peiping Branch of the Military Affairs Commission state that the Japanese have renewed their provocative activities near Kuyuan, eastern Charhar. The Japanese are stated to have drawn a map of the villages of Kuyuan, registered the number of households and forced the people there to join the puppet state of "Manchukuo."

JAPANESE ARMY IN JEHOL REPLACED BY NEW DETACHMENTS

The Japanese 7th Division which had been in occupation of Jehol has been recalled by the Tokyo War Office and a new Mixed Brigade has been sent there by the Japanese Kuantung Army Headquarters to take over the garrison duties. During the past few days considerable troop movements occurred in Kupeikow, Malanyu and the other passes along the Great Wall. The troops are evacuating the various points preparatory to going back to Japan.

JAPANESE FORCE MONGOLIAN BANNERS TO JOIN MANCHUKUO

Following a survey of the salt fields in Mongolia under the joint supervision of Japanese and Manchurian army officers, various Mongolian banners in the Dolonor area have been forcibly placed under jurisdiction of the East Charhar Autonomous Area Administration Office established at Dolonor. Statements have been issued by the Mongolian princes deprecating the action, but the work of consolidating the area is proceeding without delay.

Census surveys are being completed, while petitions are being circulated for signature of the peasants asking to be taken under the protection of "Manchukuo," while forcible registration of salt output is being carried out, under penalty of confiscation.

IRREGULARS EVACUATE WAR ZONE

With the evacuation of the irregular units in the Demilitarized Zone, the new Peace Preservation Corps will shortly be dispatched to the various districts in the Zone for garrison duties. The new Peace Preservation Corps consists of 5,000 man, 3,000 of whom will be stationed in the Luanchow-Shanhaikwan Area, while the remaining 2,000 in the Chihsien-Miyun Area.

MONEY REMITTANCES WITH MANCHURIA INCREASE

Issuance of postal money orders from inside the Great Wall to Manchuria and vice versa has shown an increase, amounting to several thousand dollars now, accordtng to information from the Postal Administration in Tientsin. A greater portion of the remittances is from Manchuria to inside the Great Wall. Though the present amount is far below what it was before the postal ban was enforced, but it is believed that this branch of postal work will continue to improve.

Masayuki Tani, Councillor of the Japanese Embassy at Changchun, left for Japan on March 10 to inform the Foreign Office of the views of Japanese officials in Manchuria on the projected abolition of extraterritoriality. He will

also report to the Gaimusho on the actual condition of the administrative and judicial systems of "Manchukuo.

On the recommendation of Japanese newspapermen in Nanking, the Japanese Foreign Office will shortly extend an invitation to a group of Chinese journalists in Nanking, Nanchang and Kiukiang to take an inspection tour to Japan, according to information from the Ministry of Foreign Affairs.

TAX DISPUTE BETWEEN SUIYUAN AND MONGOLIA SETTLED

The Suiyuan Provincial Government has not yet affixed its signature to the agreement with the Mongolian Political Council to end the dispute over the establishment of tax collecting agencies along the provincial border and has so far refused to withdraw its troops few miles from Pailingmiao, seat of the Mongolian Council. The Suiyuan authorities are reported to be dissatisfied by the agreement which provides that the tax receipts shall be divided at a ratio of 7 to 3, with the major portion going to the Mongolian Commission.

Pao Yueh-ching, Director of the Finance Department of the Mongolian Political Council, in an interview, said that the measures decided upon by the Peiping Branch of the Military Affairs Commission, for the settlement of the dispute between the Mongolian and Suiyuan Provincial authorities regarding the establishment of tax stations on the Mongolian-Suiyuan border have been completely accepted by the Mongolian Council.

MONGOLIAN INDUSTRIAL DEVELOPMENT COMPANY

A proposal for the organization of the Mongolian and Tibetan Industrial Development Corporation to be capitalized at $1,000,000 for the purpose of developing various industries in Inner Mongolia has been submitted by the Mongolian and Tibetan Affairs Commission to the Executive Yuan for approval.

TEN STUDENTS ARRESTED IN RAID ON TSINGHUA AND YENCHING

A party of police of the Peiping Municipality raided the dormiteries of Tsing Hua University at 6 a.m. Mar. 11 and arrested eight men and two women students. They will face charges of participating in a Communist movement. The two girls taken into custody are the daughters of well-known officials. One is the daughter of a member of the Central Executive Committee of the Kuomintang, while the other is the daughter of a high official of the customs in Foochow. The police simultaneously raided Yenching University, entering without search or arrest warrants the dormitories of the girl students. Apparently the girls they were searching for were absent, for no arrests were made.

GEN. CHIANG KAI-SHEK UNIFIES COMMAND OF ANTI-RED FORCES UNDER HIMSELF

Bandit-suppression in the provinces of Szechuan, Yunnan and Kweichow, which has hitherto been directed by the respective Provincial authorities, is now placed under the unified command of General Chiang Kai-shek himself. According to an order issued by General Chiang, the military units of the three provinces are forbidden to make any

The importance of mass education was stressed by General Chiang Kai-shek in an address delivered at an enlarged weekly memorial service at Changking Mar. 11. As a step towards enhancing the general knowledge of the masses, Gen. Chiang urged that efforts should be made immediately to teach the people to make proper use of the National and Party Flags and show respect when the National and Party anthems are sung. In conclusion, General Chiang called upon all Party, and Government employees to discharge their duties with promptness and precision so as to set a good example to the people.

BETTER TREATMENT OF RED CAPTIVES ORDERED

Advancing the argument that majority of the rank and file of the Communist army are ignorant peasants and blind followers, General Chiang Kai-shek has issued a strict order to the Szechuan military leaders, forbiding government troops to mete out cruel and torturous punishment to Red captives.

Aside from warning them against maltreatment of surrendered Communists, the Generalissimo orders the establishment of special prisons for Red captives. Success of the anti-Red campaign, General Chiang believes, partly depends upon fair treatment to captured Communists and encouragement and award to those who surrender to the government with rifles.

SZECHUAN MILITARY COMMENDED FOR RESTORING CIVIL AND FINANCE AFFAIRS

President Lin Sen and President Wang Ching-wei have despatched messages commending the various Szechuan commanders for promptly restoring civil and finance affairs within their "defence areas" to the jurisdiction of the Szechuan Provincial Government. Generals Teng Hsi-hou, Lo Tze-chow, Li Chi-hsiang, Yang Sen, Liu Wen-hui and Tien Sunfi-jao were singled out for particular praise.

SOONG REVEALS PLANS FOR ROAD CONSTRUCTION IN NORTHWEST

Construction of a network of highways to connect Szechuan, Hupeh, Shensi and Kansu provinces within the shortest possible time as one of the prerequisities for the eradication of Communist remnants in these provinces was discussed at the recent conversations held at Hankow between General Chiang Kai-shek, Dr. H. H. Kung and T. V. Soong, member of the Standing Committee of the National Economic Council. This was revealed at a press interview given by Mr. Soong at Shanghai March 5.

To completely suppress the Red menace in Szechuan, Mr. Soong explained, it would be absolutely necessary to build a network of highways in these four provinces to facilitate transportation of troops. Three trunk lines, namely the Hupeh-Szechuan, Shensi-Szechuan, and Kansu-Szechuan, Mr. Soong stated, would be built first, all with their termini at Chungking, capital of Szechuan.

To realize this project, Mr. Soong added, it would cost an approximate outlay of 7 or 8 million dollars which would be appropriated from the proceeds of the State Lottery ticket sales and from provincial and local treasuries. Mr. Soong also stated that the National Economic Council is considering the establishment of a branch office in Szechuan.

To prevent the imposition of levies by the various military units stationed in Szechuan, the Ministry of Finance has instructed Chen Shao-wei, Special Commissioner of Finance for Szechuan, to report any cases of tax abuse by the local troops so that the highest military organ may be notified and requested to issue stern orders to curb such illegal actions.

The shipment of $1,000,000 silver dollars and $2,000,000 bank-notes shipped by the Central Bank of China's Head Office at Shanghai to the newly organized Chungking Branch arrived at Chungking March 10. The Chungking Branch of the Central Bank is scheduled to be opened on March 15.

HEAVY FIGHTING WITH REDS IN NORTH AND SOUTH SZECHUAN

Severe fighting between the Government troops and the Communists is now in progress in both northern and southern Szechuan.

The Communists under Hsu Hsiang-chien, failing to establish a foothold in Shensi, are thrusting back into northern Szechuan. Operating with Changpa as their base, they are vigorously attacking the Government troops in an attempt to regain their former lost strongholds.

The Reds on the Szechuan-Kweichow border have also renewed their fighting with the Kweichow troops. The vicinity of Tsungyi was the scene of the latest sanguinary battle, during which according to reports, the Reds suffered over 2,000 casualties. Loushankwan (a mountain pass) is reported to have been recovered by the Kweichow forces as a result of the engagement.

In order to round up the remnant Reds in southern Kweichow, a joint campaign against them is being carried out by the Central Government Forces and the Szechuan and Kweichow provincial armies.

The "Reds" have abandoned the city of Ninkiang near the Shensi-Szechuan border, which they occupied last month. The outlaws, consisting of five armies, retreated back to the Chaohua-Kwangyuan sector, northern Szechuan. There they have been met by the combined units of the 1st and 2nd Route Armies under Generals Teng Hsi-hou and Tien Sung-jao of Szechuan.

VICTORY OVER REDS IN SHENSI

A decisive victory has been scored by the 1st Government Division under Lieut.-General Hu Tsung-nan over the "Reds" on the Kansu-Shensi border. Their invasion of south-western Shensi having failed, the "Reds" effected a general retreat to the Shensi-Kansu border and made for southern Kansu early this week. On the 5th inst., the Government troops launched a general offensive, resulting in the crushing defeat of the "Reds" and the killing of 5,000 outlaws.

COMMUNIST SITUATION IN KWEICHOW SERIOUS

The northern half of Kweichow Province has been thrown into terror as a result of the disastrous defeat sustained by the Kweichow Provincial troops at the hands of Communist forces, according to a *Rengo* report from Canton Mar. 5. The report that the Red forces, which had recently penetrated into Southern Szechuan, suddenly made inroads on Kweichow Province, taking advantage of conflicts caused between the provincial troops and the Central Government forces due to the latter's march into the Province. The Communists, estimated to be 60,000 srong, are stated to have started their offensive against the Government troops in three routes, led by the notorious Red leaders, Lin Piao, Peng Tehuai and Tung Chang-tang.

According to the *Rengo* report all the strategic points in the Northern parts of the Province, including Chisui, Tungtsun, Chengan and Suiyang, have been captured by the invaders, Shungyi, in the central part of the Province, being also reported to have fallen before the Red onslaught. Unable to check the Red drive, the provincial troops, having sustained a crushing defeat at the hands of the Communists, are reported to the retreating in utter disorder in the direction of Kweiyang, capital of the Province.

Upon receipt of the news of the defeat of the provincial troops, it is reported that the Central Government forces have been rushed to the right bank of the River Yukiang in order to make last efforts to resist the further advance of the Red forces.

KWEICHOW TROOPS RECAPTURE TUNGCHIH

Tungchih, about 55 kilometers north of Tsunyi in North Kweichow, has been recaptured by Kweichow troops under the command of General You Kuo-tsai in co-operation with Szechuan provincial forces. Conditions at Tsunyi which is about 120 kilometers north of Kweiyang have returned to normal following the recent defeat of the Red remnants there at the hands of Kweichow troops under the command of Wu Chi-wei and General Wang Chia-lieh. It is also stated that Ssuchuchan and Chintaokang, two districts in the vicinity of Tsunyi, have also been cleared of Communist bandits and conditions in general in North Kweichow are peaceful.

Li Chung-kung, member of the Legislative Yuan, arrived at Kweiyang from Chungking by airplane March 9. He has come on a special mission at the request of General Chiang Kai-shek in connection withe bandit-suppression campaign.

GEN. HO CHIEN ARRIVES AT YUANLING TO JOIN IN RED COMPAIGN

Responding to the move of the Szechuan and Kweichow armies, General Ho Chien, Chairman of Hunan and concurrently Commander-in-Chief of the First Route Bandit-suppression Forcees, has arrived at Yuanling, western Hunan, to launch a drive on the Reds on the Hunan-Kweichow border. At the same time, General Ho is directing the pacification and rehabilitation work in the recovered districts in western Hunan.

HUNAN RED CITY RECOVERED

The city of Tayung, the stronghold of the "Reds" under Hsiao Ko and Ho Lung in north-western Hunan, was recaptured by the Government troops Mar. 10. After several weeks' preparations, two Government divisions launched a joint attack on the "Reds" in tow separate routes, one from Kikow and the other from Yenpotu. As a result of two days' fighting at Chinyen Shan (Mountain) the Government troops emerged victorious, killing from 300 to 400 of the outlaws; the city of Tayung was recovered on Mar. 9. The defeated brigands effected a hasty retreat north-westwards to Shanchi and westwards to Yungshun.

Hemmed in from all sides, Communist remnants in Hunan belonging to Hsiao Ke and Ho Lung have evacuated Tahu in the vicinity of Tayung which is about 60 kilometers west of Tseli. Hunan troops under Generals Hsu Yuan-chuan, Li Chueh and Kuo Ju-tung are now advancing towards Tayung.

Units of the 19th Division under General Li Chio launched an attack on March 9 on the remnant "Reds" under Hsiao Ko and Ho Lung at Sanshengtu near Tayung in north-western Hunan. In the engagement, 600 of the marauders were slain, 100 were captured and 200 rifles seized.

FUKIEN CARRIES ON ANTI-PIRATE DRIVE

Suppression of pirates along the Fukien coast is meeting with great success. Ke Yen-kwei, one of the most feared pirate chiefs, and a number of his followers, it is reported, have been captured alive by Fukien troops at Chichiaochow on the Hsiyang Island. More than 100 rifles were reported to have also been seized. The gang will be conveyed to Foochow shortly for trial.

HISTORY OF COMMUNIST-SUPPRESSION CAMPAIGN

A history of the Communist-suppression campaign in Kiangsi is being compiled by a special commission organized under the auspices of the various public bodies as a part of publicity work in preparation for the forthcoming memorial service for those killed in the anti-Red drive.

CHINA OBSERVES MEMORIAL DAY FOR DR. SUN YET-SEN

With Chinese tri-colors and Kuomintang flags flying at half-mast and amusement programs officially prohibited, China on Mar. 12 reverently observed the 10th nniversary of the death of Dr. Sun Yat-sen, "father" of the ruling party and the Chinese Republic.

Throughout the country memorial services were held in the morning to honor the memory of the distinguished leader who died 10 years ago in Peiping, then Peking, while seeking to arrange a poitical unification of the country. As the day had been decreed Arbor Day, tree-planting ceremonies were staged in principal cities in the country in line with the government's affore-station program.

The observance this year took an international angle as result of the ceremonies in Japan, where Dr. Sun resided many years and on many occasions before and after the overthrow of the Manchu regime as a guest and as a political refugee. The Japanese Cultural Alliance, formed by Dr. Sun's former friends staged a ceremony at 1 o'clock in the afternoon at the Tokyo Y.M.C.A. building. Many prominent Japanese leaders attended the ceremony, which was conducted by Koresuke Miyanishi, the chief ritualist of the Hiye Shrine. Another memorial service was held at 7 o'clock in the evening at the villa of Mitsuru Toyama, one of Dr. Sun's lifetime friends in the Japanese capital city.

NANKING RECALLS DEATH OF PARTY LEADER

"Peace, struggle, and national salvation, these very words which Dr. Sun Yat-sen said on his death bed today ten years ago, should be taken as our guidance for bridging over China's present national crisis." Thus declared Wang Ching-wei, President of the Executive Yuan, when speaking at the memorial service in commemoration of the 10th anniversary of the death of the late Party Leader and Father of the Republic, held in the morning of Mar. 12 at Nanking. Over 700 Government officials and Party workers attended the service, including Lin Sen, Chairman of the National Government, Sun Fo, President of the Legislative Yuan, Yu Yu-jen, President of the Control Yuan, Chu Min-yi, Secretary-General of the Executive Yuan, Chu Cheng, President of the Judicial Yuan, and others.

PROTECTION OF PROPERTY AND FREEDEN OF PURSUIT OF BUSINESS SAFEGUARDED

Acting under instructions from the Executive Yuan, the City Government of the Shanghai Municipality has issued an order to its subordinate organs, reaffirming the protection of property of the people and their freedom in the pursuit of business.

The Executive Yuan order instructs that any petitions by local Party and Government organs to confiscate properties of the people or to restrict the freedom of the people in their pursuit of business on any ground should be rigidly rejected. Such petitions must first be submitted to the Central Govrenment, before any action can be taken, the order enjoins.

French Capitalists Take Increasing Interest in Manchuria

Capitalists in France have lately been taking increasing interest in the Far East, particularly Manchuria. These French capitalists consist of four groups: The Banque Franco-Asiatique, which commenced operating in Manchuria before the incidents of 1931; Foucher and Olivier, which specially sent out Mr. Olivier last year to Manchuria for the purpose of becoming acquainted with the new State, a special Bureau being opened in Paris; Durelle, the head of which was born in Japan and spent all his life there, where his father owned a large silk concern. In 1933 Mr. Marlet, a director of the largest banks in Paris—the Paris-Holland Bank—arrived in Harbin. This bank holds a very prominent position in French organizations for investment of capital and controls a very large part of the financial work done in the French colonies. Mr. Marlet travelled through the whole of Manchuria, also paying a visit to China and Japan, after which he came to a decision to act. For a practical start he took notice of the construction firm of "Brossar-Monan," the capital of which is supplied by the above bank. The first practical sted has already been concluded, as the Government has given the Brossar-Monan Co. a contract for the construction of several large buildings in Hsinking, including that of the Ministry of Foreign Affairs. The *N. C. D. News'* Harbin correspondent says the energy displayed by the French capitalist in searching for an outlet to invest their money in Manchuria is apparently coming to a successful head.

Another country which is taking great interest in Manchurian markets is Czechoslovakia, the Harbin Consul, Dr. R. Hejny, having last year made a trip to his native country and put forward the chances of business very strongly. As a result of his endeavors, several Czechoslovak firms opened branches in Manchuria, the first being that of the well-known shoe factory "Bata". Poland is another country which is watching for trade openings in Manchuria, but in this case there are many Poles resident in Harbin who are looking after the chances of Polish trade and who are this month opening a Polish-Manchukuo Bank for the purpose of assisting in financing sales of Polish manufactures.

Hsinking Reverses Stand on Border Conference Venue

Abandoning its stand that any venue on Soviet or Outer Mongolian soil was unacceptable to Manchukuo, the Hsinking Foreign Office in its second communication to the Outer Mongolian authorities March 7 said that Ulambator would be a suitable site for the meeting of the proposed border delimitation conference between the two states. Hsinking was also suggested as a gathering place.

Outer Mongolian authorities have agreed to dispense with Soviet Russian observers at the proposed border delimitation conference to be held between the Ulambator and Hsinking authorities.

Girl Radical Arrested by Police in Harbin

The gendarmerie in Harbin beginning of this month arrested Miss Iyo Otomo of Nagamura-gun, Tochigi Prefecture, on a charge of radicalism, according to the *Kokumin*. The authorities charge that she secretly entered the Soviet Union in June, 1933, and studied at a university there. After her return to Japan in 1934 she undertook Communist propaganda activities. it is alleged. She was arrested following similar alleged activity in Harbin. Miss Otomo was formerly a Tokyo bus conductor.

Memorial Services for Victims of Manchurian Incidents

Memorial services for the Japanese and Manchukuo soldiers killed in the Manchurian Incident were held in Tokyo and in Hsinking Mar. 8.

Harbin Stages Air Maneuvers

An air defense maneuver was staged in Harbin by the Manchukuo authorities on March 10.

Manchukuo to Spend Yen 400,000,000 on Conservancy Work

Work on Manchukuo's river conservancy projects, which will cost the country Yen 400,000,000 within the next twenty years, will begin before the end of this year, an official of the State Council stated in Hsinking, Mar. 8.

Manchukuo May Send Consuls to Russia

The Manchukuo Government is making preparations for the establishment of Manchukuo consulates-general in the Soviet Republic after the transfer of Russian interests in the Chinese Eastern Railway to Manchukuo. The move reportedly is aimed at the realization of friendlier relations between Manchukuo and the Soviets, in view of the opening of telegraph and air transport services between the two countries.

Japanese Population in Harbin Increases

Registered Japanese residents in Harbin now total 15,000 persons, the Japanese Consulate announced in Harbin March 11. This represents an increase of 5,000 over the Japanese population in the city at this time last year.

Passengers Carried Off, Coaches Seized by Volunteers

Renewed activities of Chinese volunteers have disrupted all traffic along the highway linking Harbin with Chiamussu, and caused no little nervousness among traders, reports reaching here from north Manchuria reveal. The first of a series of raids on highway vehicles by volunteers, occurred on March 6 when three cargo trucks were robbed near Ilan and one Japanese, three Russians and three Chinese were carried off for ransom. Another incident of similar nature was reported to have occurred on another day when a band of 100 well-armed volunteers attacked a caravan of 7 buses, carried away all cargoes and kinapped all the passengers. During the course of a week no less than 20 cargo and passenger cars have met with the same fate in the hands of scattered bands of volunteers. The whole Harbin-Chiamussu line is now stated to be practically paralysed.

Volunteers Clash with Japanese in Yenchi

A party of Chinese volunteers numbering more than 200 made a raid on Yenchi, southern Kirin, Mar. 10. The volunteers fought against the Japanese for more than two hours, during which several Japanese soldiers were seriously injured. The attackers finally retreated to their mountain fastness following the arrival of Japanese re-enforcements.

Manchurian Officials Kidnapped in Sankiang

Japanese and Manchukuo troops are on guard in the town of Fengshan, Sankiang Province, following the kidnapping on March 1 of three officials of the Fengshan hsien Administration. The men were taken away by a band of outlaws numbering more than 100 who for a time threatened to loot the town.

Seven Vigilantes Killed by Bandits

Seven of the vigilantes of Tungfussu, a small village in Yenchihsien, Kirin Province, were killed by 100 armed bandits in a forest Feb. 25.

Manchukuo and Russia Hope to Exchange Money Orders and Parcels

Aiming at the conclusion of an agreement providing for the exchange of postal money orders and parcels with Soviet Russia, negotiations will be initiated by the Manchukuo Government soon, it was announced in Hsinking, March 6.

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Mei Lan-fang Will Play for Eight Days in Russia

Advices from Moscow state that Mei Lan-fang and his company of twenty-four actors, musicians and others, arrived in the Russian capital March 12. They will play five days in Moscow and three days in Leningrad. Due to the critical financial situation of the theaters on the continent, Mei Lan-fang's company as a whole will not accompany him on his tour beyond the Soviet Union. It will return to Vladivostok and then to China. It is possible that before sailing for home a number of plays will be staged in Vladivostok and one or two other Siberian cities where there are fairly large populations of Chinese. Mei Lan-fang is expected to proceed from Leningrad to Warsaw, Berlin, Brussels, Rome, Paris, London and then perhaps to the U.S.A.

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Five More Reasons for Russo-American Debt Quarrel

(*New Republic*, Feb. 13, 1935)

Several explanations are being offered for the abrupt termination of the negotiations between the United States and Soviet Russia over debts, loans and trade agreements. 1. It is suggested that the American government turned hostile through fear of Mr. Hearst, who is now conducting an hysterical anti-Russian campaign. 2. It is said that the Japanese have offered to be "reasonable" on naval matters if the United States will go no farther along the road toward close cooperation with the U.S.S.R. 3. It is reported that hostility of the Roman Catholic Church, or of rigidly conservative under-officials of the U. S. State Department, was an important factor. 4. The suggestion is made that France, now closely allied with Soviet Russia, has offered to give her the credits she needs, without raising any embarrassing questions about debts incurred by Kerensky or the Tsar. 5. Germany can provide most of the things Russia might have bought in the United States, and Moscow officials may believe that trade on a large scale diminishes the danger of war, which has become so serious in the past few months.

Japanese House Passes Budget Without Amendment

JAPAN'S two billion yen budget for 1935-36 was passed by the House of Peers unanimously March 8 without amendments.

Preceding the ballot, Premier Okada stated that in drawing the budget the Government kept in mind the need for a sound financial policy and for drastic retrenchment. The passage of the bill by the two houses of the Diet ends the struggle between the Finance Ministry and groups demanding larger military and relief appropriations. The larger appropriations for rural and calamity relief demanded by the Seiyukai party have been met only partially, by the inclusion of Yen 15,000,000 into a "special requirements" reserve fund. The Navy receives Yen 41,960,000 for modernizing warships and Yen 156,420,000 for building auxiliary craft under the replenishment plan.

Japan May Have to Break Yen-Pound Link, Takahashi Says

Steps to dissociate the yen and the pound sterling will be necessary if the British unit of currency continues on a downward trend, Mr. Takahashi, minister of finance, stated in the Lower House of the Diet March 6.

Hirota Hopes to Promote Friendship with United States

Taking advantage of the visit of the United States economic mission to the Orient, due here next month, Mr. Hirota, Foreign Minister, intends to initiate steps aiming at the improvement of relations between Japan and America, a Gaimusho official declared March 8. The nature of the projected action was not disclosed. Mr. Hirota at a tea at his official residence asked that facilities be extended to the mission in inspecting Japan's economic conditions.

Advance of Munitions Industries Is Noted in Industrial Returns

According to investigations by the Ministry of Commerce and industry, Japan's principal industries for the year 1933 showed a marked development over 1932. Divided by the category of industry, the spinning industry and chemical industry occupied first and second places as in the preceding year, but the metallic and machinery industries registered phenomenal gains, and in production the former had a 48.6 per cent gain while the latter 48.3 showed per cent gain. The gains in the machinery industry were mostly due to government orders for war purposes.

British and Japanese Shipping Lines Disagree on Paulownia Oil

British and Japanese shipping firms have came to loggerheads regarding shipments of paulownia (vegetable) oil from China to North America. The trouble occurred when the Kawasaki Kisen Kaisha made a discount in freight rate in carrying shipments of paulownia oil from Hankow and Shanghai (40,000 tons a year) despite the fact that there was an agreement in force regarding freight rates among the members of the Conference.

Japanese Celebrate Mukden Battle Anniversary

Japan celebrated the thirtieth anniversary of the Battle of Mukden, March 10. Japanese communities in Shanghai and Tientsin also observed the day with celebrations and Shinto services. Emperor Hirohito personally attended services at the Yasukuni Shrine, where lie enshrined the officers and men who lost their lives in the Russo-Japanese War.

Government Favors Amalgamation of Japan's Iron Concerns

Rengo says that although the recent trade improvement in the iron and steel industries has delayed the projected amalgamation of the nation's twelve largest iron and steel concerns, the Government has not abandoned its intention to merge them, Chuji Machida, Minister of Commerce and Industry, stated in the House of Representatives last week.

Japan Sea Tunnel to Cost Yen 31,500,000

Construction of a railway tunnel linking Kyushu and the Japanese mainland will cost Yen 31,500,000 Shinya Uchida, minister of railways, told a Lower House Sub-committee in Tokyo March 7. The ends of the bore will miss Moji and Shimonoseki, trade and transportation centers facing each other across the Kwammon Straits, and will consequently affect their prosperity, but this cannot be avoided, Mr. Uchida said.

Japanese Loan to Brazil Denied

Emphatic denials of the press reports that Japan will grant a $100,000,000 loan to Brazil were made March 9 by a spokesman of the Foreign Office and the Japanese Economic Mission to the South American Republic which leaves Yokohama early next month.

Cabinet Approves "Brain Trust" Rules

Regulations governing the organization and procedure of the projected National Policy Council, Japan's "Brain Trust", were approved at an extraordinary meeting of the Cabinet in Tokyo March 6. The "brain trust", which will advise the Cabinet on all issues save military and diplomatic, will be headed by Premier Keisuke Okada, with Korekiyo Takahashi, Minister of Finance, as the Vice-Chairman. Kiheiji Onozuka, who recently completed a double four-year term as president of the Tokyo Imperial University, is the only college professor slated for a post on the projected National Policy Council.

Government Disavows Minobe's Thesis

Dr. Tatsukichi Minobe's thesis that the Emperor of Japan is an "organ of the State" is supported neither by Premier Okada nor by Education Minister Matsuda, government authorities announced in Tokyo, March 8 following a conference between the Premier and Shigeru Yoshida, chief secretary of the Cabinet.

Following a closed meeting, members of the Cabinet, headed by the Premier, Mar. 8 reiterated their strong opposition to Dr. Minobe's thesis. The theory that the Emperor is an "organ of the State," said Mr. Matsuda, is detrimental to the cultivation of the "Spirit of Japan" among the students and contradicts the accepted notions of State sovereignty.

Article 1 of the Constitution, which states that "The Empire of Japan shall be reigned over and governed by a line of Emperors unbroken for ages eternal", was given in the House of Representatives Mar. 11 as the basis of Japan's political structure, by Naoshi Obara, Minister of Justice, in connection with the debate on Dr. Minobe's thesis that the "Emperor is the organ of the State."

Japanese Official to Study Sterilization

Seeking information on the laws and practices of the sterilization of mentally and physically deficient persons, Koiichi Kameyama, an official of the Santitation Bureau of the Home Office, will depart for Europe, March 20.

American Football Players Visit Japan

American football players selected from the strongest university teams on the Pacific Coast arrived in Tokyo, March 10. The team will play ten games in seven cities during its sojourn in Japan.

Japanese Bank Earnings Decline

The net profit on the six leading Japanese banks for the last months in 1934 showed a decline of Yen 7,098,000 against that of the preceding semester. The total net earnings of the Mitsui, Mitsubishi, Daiichi, Yasuda, Sumitomo and Sanwa Banks for the last six months of 1934 were Yen 28,766,000 against Yen 35,864,000 for the preceding half year.

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When Gen. Ma Chan-shan Was "Officially Dead"

Reiterating a statement made in the Diet by General Hayashi, Minister of War, a week previously, Japanese military authorities March 7 branded as groundless persistent rumors that Emperor Hirohito had been shown personal effects allegedly taken from the body of Gen. Ma Chan-shan, guerilla leader in North Manchuria in 1932, who was said to have been killed. An interpellator wanted to know what the Army had done about the false reports of the death of Gen. Ma. "The War Ministry submitted to the inspection of His Majesty trophies taken in engagements with anti-Japanese troops under the command of Ma, as these were severe and important fights," the War Minister said. *Rengo* says a blood-stained tunic, decorations, gold bracelets and other trinkets said to have been found on the deceased leader's body were later exposed at the Army Museum in Tokyo. When Gen. Ma reappeared in China, these exhibits were quietly removed.

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Pan-Pacific Educational Conference to Be Convened in Tokyo Aug. 1

A Pan-Pacific educational conference will be held in Tokyo Aug. 1 to 8. The meeting is being arranged under the auspices of the Japan New Educational Society, and invitations have been sent to various nations bordering on the Pacific, including the Canada, the United States, Mexico, Colombia, Ecuador, Chile, Peru, Siam, China and Manchukuo. The society expects that about 100 representatives will be present at the conference, which is being supported by the Ministry of Railways, the Foreign Office and the Ministry of Education.

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Foreign Oil Companies Agree to Store Oil for Three Months

The first stage of the negotiations between the Japanese Government and the representatives of the foreigh oil companies regarding the latter's business guarantee issue involving oil storage obligation, sales quotas especially quotas for natural increase in demand), future guarantee for quota ratio and construction of oil refining equipment, etc. was brought to a close on February 27, with the foreign oil companies' representatives agreeting to store oil to last only for three months, or half of the six-month oil storage obligation as stipulated under the Oil Industry Law.

Chiang Kai-shek in Szechuen

(From the Review's Correspondent at Hankow)

GENERAL CHIANG KAI-SHEK has demonstrated his dogged determination to root out the Red menace in China Ever since his arrival in Chungking less than ten days ago, reports received here from upriver ports in Szechuen mention the improved morale of the various cities The advent of the generalissimo and his staff of expert advisors was only the beginning of a long line of equipment and personnel to begin the second great phase of the fight-to-a-finish with the communist hordes in Szechuen, Kweichow and Hunan, and now latterly in Shensi provinces

The general's entourage includes Madame Chiang Kai-shek and W H Donald, a British advisor, Yang Yung-tai, Chief Secretary of the Provisional Headquarters of the Military Commission

On the 8th of March, General Ho Chen-chun, Hupeh Pacification Commissioner, left Hankow by air for Chungking to confer with the generalissimo He was accompanied by the personal representative of General Ho Chien, chairman of Hunan province, General Ho Hao-ro Since these men have very responsible positions in the areas now being mobilized against the Reds, it is very probable that a coordinated plan against the Reds is contemplated

In this connection it is quite significant that the Second and Fifth Central Air Squadrons left Wuhan on the 9th of March for Szechuen, where they will participate in the campaign against the communists These bombing planes are the dread of the Reds, wherever they appear Following an inspection tour of Chungking, General Chiang Kai-shek (who was accompanied by General Liu Hsiang, his latest intimate ally) issued a strict order to the government troops, prohibiting torturous and cruel punishmnet to Red captives Love for the common people, misled by the Reds, and loyalty to the nation was stressed

Red Leaders Chu and Mao Still at Large in Kweichow

Although several cities have been reported retaken from the Reds under Chu Teh and Mao Tse-tung, still the government forces have not been able to corner these Red leaders The whole northwestern section of Kweichow is their roaming ground, and considering the paucity of supplies in this mountainous terrain the red armies continue to march With them it is life or death Possibly this in part accounts for the fierceness of their fighting when sometimes cornered by the Nationalist troops

Kweichow Reds Seeking Union With Hunan Reds

There seems to be some evidence for the theory advanced by several observers to the effect that the Reds in Kweichow are seeking to unite with their confreres in northwestern Hunan province Ho Lung and Hsiao Keh have already joined forces in despoiling the northern tier of counties in Hunan province during the past two months Even though General Ho Chien himself is directing the campaign against the Reds from his provisional headquarters in Chang Teh, nothing definite has been accomplished recently The same lines are held, or practically the same, as last week Now with the coming of spring and clear and sunshiny weather there may be more movement of troops again Whenever the Reds run short of food supplies a fresh assault is made on the grain depots of the nearest cities

Southern Shensi Still Molested by Reds

The government troops are engaged in driving the Reds out of the province of Shensi, and some success has attended their efforts However, it is not safe enough for the C I M missionaries, now refugeeing in Hankow, to return to their stations along the upper reaches of the Han River in southern Shensi Some of them had a nerve-racking experience getting out, having to walk for days every inch of the way, since chairs and chair coolies were very scarce. In spite of the fact that they suffered considerably in their first days of forced marching, yet they managed to reach Hankow in fair condition, via Ankang and Laochokow From Laohokow they took the regular bus to the Peiping-Hankow Railway

C.I.M. Missionaries Hoping to Return to Shensi

At this early hour some of the C I M missionaries, now staying at the C I M hostel, Hankow, are laying plans for their return to Shensi to the people they love and for whose sake they are willing, if necessary, to lay down their lives The young men are hoping that the Chinese authorities will not hinder them from returning in the not distant future Aside from two or three, the whole party of fifteen seems to be in very good health It is their intention to return to their fields of labor as soon as possible. The latest reports from this area would indicate that some of the Reds had crossed back into northern Szechuen again

Rumors from northwestern Hupeh from fairly reliable sources indicates that about 2000 bandits or communists (?) were operating west of Laohokow, apparently along the Szechuen-Hupeh border. Before any stock can be taken in this rumor it will have to be verified. However, this sort of thing is just what one might expect when Generals Chiang Kai-shek and Liu Hsiang are pushing very hard on the southern section of the communists' area in northeastern Szechuen Only a coordinated plan of attack will, in the end, win the day for the government troops

Compulsory Sport for China

In order to keep up with the Joneses, the generalissimo is following in the footsteps of Mussolini, Hitler, and others in advocating the building up of the health and physical stamina of his people Recognizing that some form of athletics is quite essential to the physical well being of students, teachers, functionaries, Chiang Kai-shek has ordered all of these groups to start training soon Inspectors are to check up on the offenders

Progress in Education Planned

Chinese educators from Shanghai and other places have been summoned to an Educational Conference by Dr C P Chen, Commissioner of Education in Hupeh Province The meeting is being held in Wuchang and began March 6th Among the noted educators present are Dr Herman Liu, Messrs Tou Shin-chi, Kiang Heng-yuan, Tung Jen-ken Lectures on educational methods and discussion of problems are listed on the agenda

Road Building Program Progressing

Complying with the order of General Chiang Kai shek, President of the Military Affairs Commission, the Honan Provincial Department of Reconstruction is making a special effort to complete the new highway between Tungkwan on the Honan-Shensi border and Loyang, in northwestern Honan The Lushi-Lingpao section is being built by the local counties and is expected to be completed by the end of March This road will also have strategic importance in a military campaign

New Yellow River Bridge

The phenomenal improvement of the Peiping-Hankow Railway is still going forward The latest item is nothing less than a new bridge to span the often turbulent waters of the Yellow River. Sometimes in the past during the early spring freshets, the Yellow River has given the railway officials cause for worry, and the trains have had to stop crossing the old bridge, with the resultant delay in service

New construction is to begin at once First there will be the bunding of the river on both sides to protect the new bridge This part of the work is under the supervision of the Yellow River Commission

Hankow, March 11, 1935

Secretary-General of Greater Nanking Records Progress

Lai Lien, Secretary-General of the Municipality of Nanking, in a review of Greater Nanking says that one of the most remarkable municipal achievements of Nanking since it became the National Capital in 1928 is the construction of a large number of paved streets which were once congested alleyways. During the past two years twenty new roads having a total length of 8,386,992 meters were constructed by the Bureau of Public Works of the Municipality. In conservancy work the Bureau has dredged the Chien Hu waterway, the canal outside of the Shui Hsi Gate, constructed a dyke at Pa Kwai Chow and planned the construction of an embankment at the first commercial and industrial district at Hsia Kwan. A system of suburban highways has also been built to give access to the near-by towns and villages Ranking first among many lines of public utilities is the waterworks The average daily output at present is 11,830 tons of water City water is becoming more and more popular and has lessened the attack of summer epidemics considerably. The municipality is planning to build a park for Nanking residents in south-western city Proposals have been made to buy over the Hu's garden, Nanking's best private garden The Municipality has just signed a contract with the Kincheng Banking Corporation of Nanking to jointly operate a credit system for small traders and family-industry workers The Municipal authorities have set aside a piece of land of 1,400 mow outside Yi Kiang Gate and other places where houses for the poor have been built according to plans and designs laid out by the said authorities. Other groups of houses are being planned Public primary schools formerly numbered 39 with 309 classes and 13,300 students, but now they number 41 with 407 classes and 19,600 students. In addition thirty-three "simple" primary schools, or free schools with 142 classes, have also been established Thus there are at present 550 classes with 25,375 students, representing an increase of almost a hundred per cent within the last two years In order to promote mass education there have been established ten day schools and twenty-eight night schools for adults and one educational institute for the farmers of Pa Kwai Chow. The Municipality also maintains a municipal library. Public health is always receiving much attention from the municipal health authorities. 115,000 or more anti-typhoid injections were given during the last year. 76,279 citizens were vaccinated by the municipal hospitals, and 7,708 anti-diptheria injections were recorded. Child welfare is also stressed, 6,830 or more expectant mothers went to the municipal health authorities for examination. The municipal debt, which formerly stood at $5,000,000, has been reduced to less than half.

72-095

Overseas Chinese to Develop Kwangsi

The *China Critic* states that Liang Hsin-nan, a Chinese mining magnate in Perak, F. M. S., and also president of the Chinese Chamber of Commerce there, and Huang Chung-chi, president of the Fukien Residents' Association in Selangor, F. M. S., recently promoted an industrial development company in Singapore with the avowed purpose of going into Kwangsi to develop the province, since peace and order are now being well maintained. Already $350,000 of the capital has been subscribed, and prominent among the promoters is Hu Wen-hu (Awe Boon-haw), the millionaire manufacturer of the "Tiger Balm". Mr. Liang was entrusted with the mission of surveying the industrial prospects of the Kwangsi province.

Fukien Authorities to Develop Sugar Industry

The Fukien Provincial Government has decided to appropriate a sum of $200,000 to promote sugar production in Putien and Hsienyu, eastern Fukien near the coast, which are the two largest sugar-cane producing centers in the province.

Eleven Millions for Canal Improvement

The National Economic Council has approved a plan submitted by the North China River Conservancy Board for the building of a canal leading the waters of the Yungting and Taching Rivers to the Yellow Sea at an estimated cost of $11,500,000.

Additional Ferry Service at Nanking Is Inaugurated

Beginning March 1, the freight train ferry service across the Yangtsze River at Nanking was increased in order to relieve the congested traffic.

Peiping-Suiyuan Railway Track Being Altered

The work of altering the course of the Peiping-Suiyuan Railway, in the section between Pingtichuan and Chotau Shan (mountain) in southwestern Charhar, was started Mar. 9 with removal of the rails in the existing tract. Work will be completed in three months and traffic on the new route will be operated at the end of May. Over 7,000 men are engaged on the job.

Ministry Official Inspects Canton-Samshui Railway

Yen Te-ching, Counsellor of the Ministry of Railways, who recently proceeded to Canton from Nanking, made an inspection of the Canton-Samshui Railway Mar. 4.

A Direct Railway to Sinkiang Is a Possibility as Result of Sven Hedin's Trip

A railway connecting Sinkiang with China Proper is a possibility as a result of the recent expedition into Central Asia headed by Dr. Sven Hedin, a proposal for its building having been submitted to the Chinese Government in Nanking, Mar. 6. It was reported that the authorities are favorable to the project, and are in favor of commencing work as soon as possible, in order to complete it within five years.

Long-Distance Bus Service Connects Kansu and Chinghai

Long-distance bus service connecting Lanchow and Sining, capitals of Kansu and Chinghai provinces, was opened to traffic in the last week of February.

Bus Service Started in Northeastern Chekiang

Omnibus service on the highway linking Kuanhaiwei in the district of Tseki, with Tsao-o in Shangsu, notheastern Chekiang, was inaugurated March 3. The road is 140 li (about 47 miles) long.

Work on Chengchow-Haichow Highway to Be Started Shortly

Work on the new Kiangsu-Honan inter-provincial highway connecting Haichow with Chengchow is scheduled to be started shortly. The highway traverses more than ten important cities in the two provinces and totals over a 1,000 li (310 miles).

Artificial Gasolene Made at Hangchow

Hsu Po-chun, Director of the Minsen Drug Factory at Hangchow, has just completed his experiment on the manufacture of a sort of artificial gasolene. Mr. Hsu has applied his new invention to motor-car fuel and the result has been satisfactory.

Crystal Mine Discovered Near Peiping

A crystal mine is reported to have been discovered at Hsinlung, about 100 kilometers northeast of Peiping.

Valuable Ores Found in Haichow Area

Ore suitable for the making of tinfoil has been discovered in Chinpinshan, Kiangsi. Mica and apatite have been found in Yuntai and Kushan, respectively.

$1,500,000 Loan for Hankow Approved by C.P.C.

At a meeting in Nanking March 6 the Central Political Council approved in general principle the issuance of a $1,500,000 Hankow Municipal Reconstruction loan submitted by the Hupeh Provincial Government. The matter will be referred to the Legislative Yuan for detailed discussions.

Hupeh's Revised Budget Is Approved

The Revised Budget of the Hupeh Provincial Government for the 23rd fiscal year (July 1, 1934-June 30, 1935)—balanced at $19,092,820—has been approved by the Ministry of Budgets, Accounts and Statistics.

Further Chinese Orders Placed in Great Britain

Orders for machine-shop equipment valued at £200,000 will be placed with British firms as the result of a decision made at the annual meeting in London Feb 25 of the Chinese Government's Purchasing Commission. The meeting, which took place at the Chinese Legation, was presided over by Quo Tai-chi, Chinese Minister. The value of contracts for 1934 amounted to £1,850,000 bringing the total since the Commission was inaugurated to over £2,900,000.

Postal Saving Banks Deposits Show Large Increase

Total deposits received by the Postal Remmittances and Savings Bank during the past year more than doubled in the four years since it was established in March, 1930, as a separate institution under the Ministry of Communications.

The following table shows the steady growth in the amount of deposits and the number of depositors from year to year:—

Year.	*Deposits.*	*Number of Depositors.*
1930, December	$14,553,201.	84,778.
1931, June	$24,993,437.	131,867.
1932, June	$27,164,746.	149,790.
1933, June	$25,397,058.	151,565.
1934, December	$37,390,000.	176,884.

Irrigation by Electric Power Tested in Nanking

Tests of irrigation of farming lands by electric power are being conducted in a village outside the Hopingmen Gate of Nanking by the Social Affairs Bureau. If the tests prove successful, the system will be extended to all the villages under the jurisdiction of the Nanking Municipality.

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Relief Measures Formulated in Connection With Sung Sing Mill Sale

In connection with the sale by auction of the Sung Sing Cotton Mill No. 7 by the Hongkong and Shanghai Banking Corporation, Chen Kung-po, Ministry of Industry, stated in an interview that definite measures for the settlement of the matter had been devised by Dr. H. H. Kung, Minister of Finance, at Shanghai, but he denied that the mill would be redeemed by a joint loan from the Central Bank, the Bank of Communications and the Bank of China. Fundamantal measures for the relief of the various factories in Shanghai were also under consideration by the Ministry, Mr. Chen added.

According to O. Okamoto, who made the bid at the auction sale about two weeks ago, the payment of $2,240,000 balance has not been paid by the purchaser, whose identity is not disclosed. Only $10,000 was paid as deposit at the time of the auction.

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Nanking Mayor Protests Against Land Expropriation

A petition that the National Government be requested to prohibit all government organs from wantonly expropriating private-owned lands has been submitted to the Executive Yuan by Shih Ying, Mayor of Nanking.

It is urged that, except for the opening of roads, construction of school buildings or for other public works beneficial to local residents, any Government organs, when in need of private land, should seek to acquire the land by purchase.

Additional Evidence to Be Heard in Hudec-Mark Case

Judge Helmick granted permission in the U. S. Court for China March 11 for the case of L. E. Hudec v. Grant Mark to be reopened for the purpose of hearing the evidence of A. Loonis, a Belgian citizen, regarding the origin of a sum of $25,000. Counsel stated that Mr. Mark was paid the sum of $50,000 by the China Finance Company and that a check was given to Myra L. Mark, his mother, (who is a British subject) by that company for the sum named. This sum is alleged to have been paid to Mr. Mark by the China Finance Company when Mr. Mark's services as manager were dispensed with before Mr. Mark's contract expired. The additional evidence is to be heard March 18.

72-096

Britain Acts Too Late to Be Welcomed

BY PAUL K. WHANG (汪仲芳)

JAPAN has now laid the foundation for building a "Monroe Doctrine for the Far East". Grasping at China's financial crisis, she offers a big loan to China as a bait to win China's support to Sino-Japanese economic co-operation. China, while looking in vain for financial assistance either from America or from Europe, can hardly be in a position to turn down this tempting offer at the time when the government leaders are at their wit's end to find the means with which to tide over the present financial difficulties. Sinking rapidly in a Slough of Despond, China will have no alternative but to accept the assistance from the very hand, which has repeatedly stricken her and which is still covered with the blood of her wounds.

When a man is afflicted with a fatal disease, he is apt to try all the available medicines even at the risk of losing his life. Likewise, when a man is faced with starvation, he will gladly accept loans from any source without paying the least consideration to the terms of the loans, which may deprive him of his personal freedom and reduce him to the status of a slave. What is true of a man is also true of a country. Therefore it is altogether natural that China, with her present financial distress, should accept the offer made by her neighbour, although she knows very well that the price of this offer is very high.

Why should we care about the price of a thing, which proves the very blood of our existence? We must serve our present needs, and let our children pay the price. This seems to be the sentiment now prevailing among the majority of our people. We appear to be ready to forget our wounds, grievances and prejudices, if our enemy can extend us a loan at this time of desperate need. As if by the stroke of a magic wand, the sentiment of our people has been changed beyond our recognition, and the Sino-Japanese rapprochement, the mere suggestion of which would incur the wrath of the Chinese public a few months ago, is not only countenanced but welcomed by the Chinese people at the present time.

This sudden change of sentiment among the Chinese people is not so much because of the fact that with the lapse of time they have become less sensible to their wounds and humiliations, as because of the fact that they have now been overcome with a great fear over the fate of their country because of the present financial crisis. This fear, for the time being, has superseded their patriotic feeling, silenced their eloquence, and made them more conciliatory towards the existing order of things. They have concentrated their attention exclusively to one problem only, that is, how can they lead China out of the present financial impasse?

Pinch First Felt in 1933

It is no use to deny the fact that the pinch of the present financial difficulties was felt as early as in 1933. In that year, T. V. Soong, the then Minister of Finance, went to the United States and Britain and those who were in the know whispered that the purpose of his trip was not so much for the purpose of attending the World Economic Conference as for securing some foreign loans. During his five months' sojourn abroad, he was barely successful in securing from the American Government a loan in kind. The benefit of this so-called American Cotton and Wheat Loans remains a subject of controversy among the Chinese people. At one time while Mr. Soong was in London, a report was current that he had secured a loan of £15,000,000 from the British financial interests. But for some reasons or other, this loan was not realized. His failure to get any hard cash either from America or from Britain was, at least, one of the reasons which forced him to relinquish his post not long after his return.

Thus for a long time, China has sought financial aid from America and Britain, and expected that her friends would give her some proofs of friendship. But to her great disappointment, her supposed friends have looked on her distress with disinterestedness and indifference. On the other hand, America, the traditional friend, instead of giving her a helping hand, has pushed her further deep into the abyss by vigorously and relentlessly pursuing a silver-purchasing program in spite of the sufferings of Chinese millions and the protests of the Chinese Government. Japan has watched this situation closely, and at the psychological moment, she has initiated the talks of Sino-Japanese rapprochement and co-operation, and offered a loan to China. How can China afford to turn down the friendly gestures of an enemy, when her appeals for assistance have been persistently ignored by her supposed friends?

Japan has, therefore, acted at the right moment. With the change of the sentiment among the Chinese people, the present talks of Sino-Japanese economic co-operation will likely bear successful results. Once this co-operation is formed, Japan will be well on the way to create an economic hegemony in China and squeeze out all occidental influences and interests from China. In this connection, it may be recalled that an enterprising Japanese has already planned to open up a bank in Shanghai with the object of "dethroning" London as the monetary controller of Asia. This is the very ambition which has been entertained by Japanese officials and business men.

Britain Disturbed by Japanese Offer

Of all the countries, Britain, with her large financial and business interests in China, will, of course, be most affected. Therefore she can not look upon the present developments in Sino-Japanese relations with equanimity and ease. The dignified John Bull, who never raised any cry against Japan's forcible occupation of Manchuria and Jehol, has now broken his silence and approached Uncle Sam for joint actions to forestall the unilateral Japanese loan to China. To justify their joint action, they have referred to the long forgotten instruments, such as, the Nine-Power Pact and the Consortium Agreement of 1920. It has been said that they would invoke these instruments, if this Japanese loan was ever materialized.

To the Chinese, this hue and cry raised by Britain seems to be hardly warranted. If Britain wants to invoke the Nine-Power Pact because of the Sino-Japanese economic co-operation and loan issue, why did she not do so on a more worthy cause when China was invaded by a foreign enemy? Had she only acted three years ago in the name of China's territorial integrity, her action would win the gratitude of the Chinese people and possibly might have averted the crisis with which China is now confronted. Moreover, China's need of a foreign loan has been long known to all. Why did she not make a proposition of an international loans, when China was appealling to her for assistance? Her present action is not welcomed, because it is not actuated by the motive of helping China, but for preserving her own interests.

Nature of Loan Is Immaterial

What will be the nature of the forthcoming foreign loan, either international or unilateral, is immaterial in our present discussion. What we must point out is the fact that by inaction, Britain has forfeited her friendship with China and passed a good opportunity to Japan. In desperate condition, China will likely drink poison to quench her thirst. For spite, if for nothing else, she will most probably cast her lot in with Japan and form an economic co-operation with Japan for the purpose of "wiping out all occidental influences from China".

"It must be recalled that right after the Manchurian Incident China believed that either America or Britain would intervene on her behalf. But this intervention, after a long waiting, did not come forth, and in the meantime, Japanese aggressions became more acute. As a result, Chinese people lost faith in China's foreign policy, and many of the pro-American and pro-European political leaders in the Chinese Government had to make room for the pro-Japanese officials. A new Japan policy has been since pursued, aiming at the reconciliation of Sino-Japanese differences directly.

Therefore the present trend of events has been long anticipated. Warnings to that effect have been given by those who have watched closely the Far Eastern situation. Many statesmen in the American and British Governments who have known what Japan has been after have repeatedly urged American-British co-operation as a means to thwart Japanese's ambition. But, alas, all these warnings and advices have been ignored by the two governments concerned. In this circumstance, China has to work out her own salvation, and resort to the most expedient method of settling the present impasse.

In saying so, it must not be mistaken that the whole of China is now in favor of Sino-Japanese co-operation. But the dissentient voice no longer carries weight, when the majority is in favor of the early liquidation of the present impasse as a cure to the present business depression and financial stringency. This change of sentiment is tragic indeed, but should be sympathized with in view of the present business depression and financial crisis. It is no exaggeration to say that in the next few months we shall see even more startling developments in Sino-Japanese relations, culminating in the building of a "Monroe Doctrine for the Far East."

Shanghai, March 11, 1935.

A Comment on Professor Merriam's "Political Power"

BY JOHN C. H. WU

BEFORE I came to read this book, I had known something of Professor Charles E. Merriam's political philosophy from some of his previous works such as *History of American Political Theories*, *American Political Ideas*, and a paper on *Recent Tendencies in Political Thought*. I had been struck by his urbanity and open-mindedness. I had come to the conclusion that the key-note of his political philosophy was moderation. Behind the phantasmagoria that appear on the surface of his writings, there lurks a persistent insight that political power is different from brutal force, that to win it one must win the hearts of the people, that to sustain it one must satisfy the needs of the people, and that, as the hearts and the needs are variables rather than constants, a political leader should always look ahead and accommodate himself to the ever-changing realities. Power must be conquered everyday anew. Anyone who thinks that he can establish a stable order once for all and then sleep over it in the confidence that his military force will always be ready to cope with any emergencies, thus browbeating his people into obedience, will soon be jerked into wakefulness to find himself out of power. The fall of the Ch'in Dynasty is an instance in point. Even the Great Wall did not prevent its drastic collapse. That this was not due to Fate but to the natural workings of cause and effect has been pointed out by a scholar of the Han Dynasty, Chia Yi, in his essay on *The Errors of the Ch'in* (過秦論).

As early as 1921 Merriam wrote the following passage, which seems to constitute the pivotal point on which hinge all his political theories:

> "Society is dissolving every moment, and the question is, How shall the reconstruction of authority in the minds and lives of men be made? In the past largely by the authoritarian process, by taboo, superstition, ignorance, and force. In our day this is still largely true, perhaps, but there is also an increasing process in which authority is maintained by recreating appreciation of and agreement with the values that are transmitted, with allowance for shifting values, attitudes and interests. That order of things, whether social, economic, or political, is now most secure which constantly recreates the loyalty and obedience of its members, which constantly redevelops the sources of its interest and power from interest and reflection. That order is weakest which must largely depend upon authority and force with suppression of discussion and reason and criticism."

In other words, *Wang Tao* (王道) and not *Pa Tao* (霸道) is the source and mainstay of all power. As a Chinese saying has it, "To stop up the mouths of the people is more dangerous than to stop up the streams." What is true of the liberty of speech is true of all other rights and interests.

In the present work, whose full title is "Political Power: Its Composition and Incidence," Professor Merriam proposes "to show the situations in which power comes into being; the plurality of competing loyalties; the shame of power and some of the credenda, miranda, and agenda of authority; some of the techniques of power holders who survive; and some of the defense mechanisms of those upon whom power is exercised; the poverty of power; the disintegration, decline, and overthrow of authority; the emerging trends of power in our time."

This statement of the problems recalls Machiavelli. As is well-known, *The Prince* of Machiavelli is a manual of power; it treats of the means whereby a man of ambition and strong will may successfully acquire, increase, and perpetuate political dominion. This book tackles practically the same problems, the only difference being that the author does not address himself to a prince but to all political leaders, by whatever names they may be called. In this sense the author may be described as Machiavellian. Indeed, he seems to follow the Italian publicist even in some of the minor details. For instance, Machiavelli had advised that "flatterers should be shunned," and that a prince ought to guard against flattery by letting it be seen that he would take no offence in hearing the truth. So Merriam:

> "The insight of power into social situations is often clouded by the very atmosphere of authority itself. Power is surrounded by courtiers and flatterers; by those who look for favors, persiquites, emoluments, at the hands of governors. The aspirants hope to make themselves agreeable by saying what pleases the rulers, even if it is not true. They may not intend to deceive, but they aim to be acceptable. Thus power breeds its own destruction."

A more fundamental agreement between these two writers lies in their emphasis on the importance of systematic planning and the efficacy of effort, and in their distrust in chance and fortune. Speaking of Agathocles the Sicilian, who "come, not merely from a private station, but from the very dregs of the people, to be King of Syracuse," Machiavelli had written:

> "Whoever examines this man's actions and achievements will discover little or nothing in them which can be ascribed to Fortune, seeing, as has already been said, that it was not through the favor of any, but by the regular steps of the military service, gained at the cost of a thousand hardships and hazards, he reached the princedom which he afterwards maintained by so many daring and dangerous enterprises."

And Merriam concluded his book with a similar sentiment:

> "The future belongs to those who fuse intelligence with faith, and who with courage and determination grope their way forward from chance to choice, from blind adaptation to creative evolution."

On many important points, Merriam parts company with Machiavelli. The latter's repeated disparagement of a middle course in affairs of state is well-known. Merriam, on the other hand says:

> "A common principle of the manual of power is that of moderation. This was clearly expressed by Confucius, by Aristotle, and again by Bagehot. The great Grecian developed an entire philosophy both of ethics and of politics based upon the 'golden mean' as the essential principle in both. Bagehot presented as the characteristic quality of British politics what he termed 'an illogical moderation'. This principle is as valid today as it ever was, and I can merely elaborate somewhat at this point what has already been said long ago, but sometimes forgotten."

For, as he continues to remark, "A wise ruler does not press too far his principle, his policy, or his personal or tactical advantage." The pages of this book are strewn with salutary counsels of ripe wisdom. We must here be contented with a few specimens:

> "Power is not strongest when it uses violence, but weakest." "The price of power is limitation."
>
> "Overcentralism has been the cause of the overthrow of many an individual and government, by concentration against it of all the disaffected elements of excluded authority." "Moderation is not an evidence of weakness or mildness but of strength."
>
> "Psychologically the sword is not in our day the symbol of intelligence but of impatience, of the killing impulse of hate thwarted in its appeal to reason and unable to await the outcome of more subtle and less brutal methods."

I would not call this remarkable work a "manual of power." I would rather call it "the dialectics of power." Power is its own grave-digger; and moderation is the secret of longevity in political life no less than in physical life. Merriam starts as a Machiavellian, but ends by being a Confucianist.

One illustration of the dialectics of power deserves especial attention. "The quarantine of ideas," says Merriam, "is never wholly effective; indeed, the very secrecy with which opinions and ideas must be communicated adds an element of interest and mystery otherwise lacking." What an irony! And what a truth! But the actual world today does not seem particularly mindful of such a time-honored truth. I take liberty to quote a passage from a recent book by C. E. M. Joad:

> "Over two-thirds of the so-called civilized world today men's minds have been sent to prison, and their rulers hold the keys of their cells. The Irish Free State seeks to make its citizens moral by refusing to admit the works of Aldous Huxley, James Joyce, and Bernard Shaw. The list of books prohibited in Canada runs to half-a-dozen octova pages. Great Britain excludes Ullysses as obscene, and the United States, while admitting Shakespeare and the Bible, recently decided to be shocked by Voltaire and prohibited his works. Sometimes the world's censorships achieve comedy, as when the Indian Government refuses to admit over the frontier some of the early publications of the present Prime Minister and possible future Viceroy."

Not the least significant contribution of Merriam to the dialectics of political power is his re-discovery of the fact that abnegation of the will to power is one of the highroads that lead to power. Power is not an end in itself, but merely a means to an end. The less you think of the means, and the more you think of the end, the more powerful you will be. Obliterate your Self, and you will be exalted. As he puts it:

> "Perhaps no darker blot can be cast on the escutcheon of a leader than to characterize him as selfish in personal disposition. He may be ambitious, or ruthless, or reckless, but he must not be classified as self-centered, with the connotation of 'selfish.' Or at least this quality must not be brought into obvious conflict with the general good, as commonly understood. The public will not condone the selfishness of the commander who will not accept an inferior post from personal pique, or of the statesman who refuses all service because the first position cannot be accorded him in a given crisis. This is almost the unpardonable sin of the political leader."

Before I conclude these random notes, I wish to bring out a point which seems to be somewhat overlooked by the author, and that is that sincerity and candidness are among the most valuable and necessary qualities that go to the making of a statesman. Hypocrisy can only deceive the people for a moment. The masses are no asses; they are wiser than some psychologists are willing to grant. As a matter of fact, one can deceive only the conscious mind, but never the deep unconscious instinct. Edmund Burke showed a profound insight when he said: "Plain good intention, which is as easily discovered at the first view as fraud is surely detected at last, is of no mean force in the government of mankind."

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Canton Regards Japan's Present Gesture as "New Twenty-One Demands"

(By The Review's Correspondent in South China)

THE most unexpected revival of proposals for a Sino-Japanese rapprochement in both Nanking and Tokyo, followed by the Diet speech of the Japanese Foreign Minister, Koki Hirota, together with the recent visit to Hongkong, Canton and Kwangsi of Major-General Doihara of the Japanese Army in Manchuria could not but cause the gravest concern to the Southern leaders in Canton, the champions of a strong anti-Japanese policy. Of great political significance was the interview between Major-General Kenzo Doihara and Hu Han-min, the backbone of the Canton Southwest Political Council. The interview took place immediately after Major-General Doihara's arrival in Hongkong. The talk with the veteran Kuomintang leader took place at the latter's Conduit Road residence last Saturday afternoon, in which for two hours the Japanese military officer exchanged views with the Chinese politician regarding Sino-Japanese problems.

Interviewed on the *Terukuni Maru*, Major-General Doihara denied any military or political significance in his visit to the South. He admitted that the visit was only to make certain observations in Kwangtung, the cradle of the Chinese revolutionary movement, which freed China from the Manchus. Although the Major-General admitted to press representatives that a Sino-Japanese rapprochement might materially contribute towards preservation of peace in the Far East, he flatly denied that his visit had any connection with any proposal or pending agreement between China and Japan or that he had come South at the instigation of his Government. The Major-General pretended to see imminent danger of a Soviet Communist invasion to the East, which could be checked only through a co-operation between China and Japan. He said that he was in full accord with Dr. Wang Chung-hui's suggestion for cementing relationship between the two countries. Because of China's economic boycott against Japanese goods since 1931 the Chinese had suffered a loss of millions of dollars annually through having to purchase European and American goods at higher prices. It would be beneficial for both if China would continue to buy the manufactured products of Japanese factories and on the other hand Japanese manufacturers could buy more Chinese raw materials.

Menace of Communism

Taking into consideration the high Japanese officer's utterances in Hongkong there is strong ground for suggesting that the Tokyo Government is planning to offer China a new loan in return for the cessation of the anti-Japanese boycott and other concessions in Manchuria and North China. In making this new gesture the Japanese are making the most of the complications of the Nanking and Canton Governments in connection with the Communist disturbances in Szechuan and Kweichow provinces. In Kweichow alone it is estimated there are over 50,000 Communist bandits under arms, which, if unchecked with the fullest co-operation between the Nanking, Kwangtung and Kwangsi governments, may at any day become a real menace to Kwangtung. If, as it is anticipated by the Japanese, the Nanking Government can compromise with the Japanese in North China, the Chinese army could then devote its entire attention towards Red suppression in southern and southwestern China. What Japan fears most is not the invasion into the East of Soviet Communism, but the now believed to be inevitable Japan-Russia war. If Japan offers China adequate security in North China the path would be made smooth for the ultimate suppression of Communist military influence in the South, a movement which indirectly would benefit Japan. The entire elimination of all Communists in China would deprive the Soviets of any base should the anticipated Japan-Russia war breaks out. In offering a new loan for the alleged "economic rehabilitation of China" Japan has made a number of counter-demands such as the reported demand for the dismissal of the present German military advisers in Chiang Kai-shek's armies; also the dismissal of the American and Italian aviation instructors, and the employment of Japanese military experts instead. The use of the new loan would be primarily to refund the unrecognized Nishihara loans, borrowed by the former Peiping Government and repudiated by the Kuomintang Government at Nanking.

The New Twenty-One Demands

Such arrangements are regarded in the South as little short of a renewal of the notorious Twenty-one Demands made to the late President Yuan Shih-kai by the Japanese Government in 1915. The employment of hundreds of Japanese training officers would mean the ultimate control of the Chinese armies by the Tokyo General Staff. The recognition of Manchukuo is another natural development which China must expect, if any Japanese proposals should be accepted at the present juncture.

In connection with the reported Japanese loan offer, observers here believe that prior to this China has made unsuccessful attempts to negotiate loans with the American and European Governments, following the discovery of a deficit of some 100 million dollars in her national budget in 1934, when million of dollars were expended in the anti-Communist expedition in the South. The depreciation of the American dollar also deprived China of much of her export business to America, contributing in no little degree to her trade depression. Viewing China's embarrassing situation from all sides the Tokyo Government must have again decided that the psychological moment had arrived to step in as the rescuer of China with an assurance that Japan could restore the national and economic unity of her immediate neighbor. Now assuming that Tokyo has already made some headway in her negotiation for a new understanding with Nanking it appears a logical step for Japan to try to find out through her military representatives what the subborn anti-Japanese challengers in the South think of such a rapprochement agreement? Hence Maj.-General Doihara, in the course of his observations in Kwangtung, deemed it wise to spare a couple of hours in talking matters over with Hu Han-min. Here again Hu Han-min's relations with the Chinese Government and with Canton need a little explanation. Although resigned from active politics at Nanking, Hu Han-min wields considerable political influence inside the Kuomintang Party. Some of his closest associates such as Chow Lu and Hsiao Fu-chen are leading members of the Canton Southwest Political Council. Hu Han-min and his associates are only too well known for their anti-Japanese sentiments freely uttered from time to time. It is expected therefore that any move towards negotiating a loan from Japan, which might prepcipitate the recognition of Manchukuo, would be severely denounced by the South.

Hu Han-min's Views

During his interview with Major-General Doihara Hu Han-min expressed himself regarding a rapprochement between China and Japan to the following effect: "In principle I fully agree to a Sino-Japanese rapprochement, if such is based on the doctrine of the late Dr. Sun Yat-sen, who suggested that China must continue her struggle for freedom through an alliance with other nations of the world, which treat her on a basis of equality.

"It must have come to the knowledge of those who talk of a Sino-Japanese rapprochement to-day that previously there have existed numerous obstacles, which have made a real understanding between the two nations impossible. Much of the anti-Japanese sentiment was created by Japanese aggression in China. For instance the Japanese Monroe Doctrine pronouncement of April 17 last year and her "hands off China" declaration to other countries constituted a warning that Japan regarded herself as the sole dominator of Asia. Unless Japan abandons her mistaken policy in China the Chinese can never understand the sincerity of a Sino-Japanese collaboration.

Dr. Sun Yat-sen's Belief

"Any collaboration between China and Japan must be achieved through the support of public sentiment in China. Without a united and unanimous vote of the people any rapprochement movement, which might be advocated by one or two representatives of the Chinese Government can only aggravate further Chinese ill-feeling against the Japanese. In declaring her willingness for a rapprochement with China, Japan is merely repeating what she did at the time of the late President Yuan Shih-kai and when Tuan Chi-jui was the Prime Minister at Peking. Such reliance on one or two Government leaders but completely disregarding the sentiment of the nation can only end with entire failure.

"The task before us to-day is not only to preserve peace between China and Japan but we must also take into consideration the peace of the world, which may at any moment be disturbed by Sino-Japanese discord. To accomplish such an end Japan must first redeem herself with regard to all her previous unfair treatment and subjugation of China. It is needless for me to reapeat here that the late Dr. Sun Yat-sen strongly resented the surrender policy of the late President Yuan Shih-kai and Tuan Chi-jui. The late Kuomintang founder was equally vehement in his opposition to the notorious twenty-one demands. At this juncture Hu Han-min particularly called Major-General Doihara's attention to a historial incident in the life of the late Kuomintang founder. Continuing, Mr. Hu said:

"I recall in the fourth year of the Republican Government (1916) while President Yuan Shih-kai was being pressed to accept the twenty-one demands, Dr. Sun Yat-sen and I were political exiles in Japan. We lived in the house of our Japanese friends 頭山滿家 and 寺尾博士 whose hospitality we enjoyed. One day our Japanese friends put this question before Dr. Sun Yat-sen. They said: "The Chinese often harbor resentment against oppression from the Japanese, but is'nt it true that at times the Chinese also have suffered unfair treatment from the Europeans and Americans. How is it that the Chinese show deeper resentment against the Japanese than they have against the Europeans and Americans.

Dr. Sun replied: "Being people of the same race, color and civilization the Chinese and Japanese are like brothers. China being older in civilisation is similar to an elder brother. Because of this racial and cultural relationship there should be a natural tendency toward friendliness and co-operation on the part of the two people. The position as regards the Chinese and Europeans

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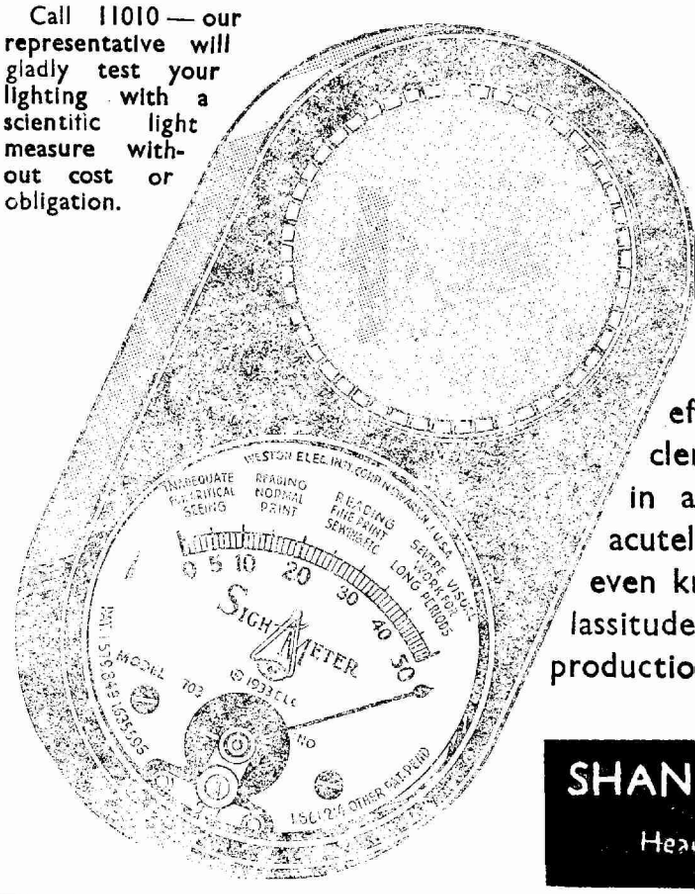
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or Americans is like mere friends. If a friend treats us with insolence we may bear it with tolerance, but if a younger brother shows not only disrespect but oppression there cannot but be the strongest of reactions."

Hu Han-min pointed out to Doihara that Dr. Sun's interpretation was much admired by his audience at that time. What was a true explanation of the Sino-Japanese relations eighteen years ago still holds good these days, he declared.

Hu Han-min concluded his statement by saying that a renewal of friendly understanding of the people of the two nations and a collaboration of China and Japan could only be built on the foundation of equality. A collaboration negotiated on any other basis could only meet with strong opposition from the Chinese.

It is understood that the Major-General assured Hu Han-min that so far no official negotiations have been opened between Tokyo and Nanking for a rapprochement.

Canton's Official Attitude

The arrival of Major-General Doihara in Canton was a quiet affair. He travelled by the morning express from Hongkong on the morning of February 3. The Canton railway station was fully guarded by special Chinese plain clothes detectives to prevent any untoward incident. High officials of the Japanese Consulate at Shameen were present at the station to welcome the Japanese military officer. Apart from the Japanese officials and merchants, there were no Chinese Government representatives at the Station.

In the afternoon Major-General Doihara visited Hsiao Fu-chen, member of the South-west Political Council, at the latter's residence in the company of Chinese officials including Kan Chia-hou, Inspector of Foreign Affairs in Kwangtung and Kwangsi. The meeting lasted an hour. From there the Japanese general visited Chungshan University and called on Chow Lu, another member of the South West Political Council, who is known for his anti-Japanese attitude and utterances. Although officials are most reticent over the discussion at these two meetings, it is obvious that Sino-Japanese rapprochement was discussed.

On the morning of February 5 Doihara returned the official call at the Municipal Government house where he saw the Chinese Mayor, Liu Chi-wen, and at the Military Headquarters where he exchanged views with General Chan Chi-tang. He left for Kwangsi on February 6.

Commenting on Major-General Doihara's visit, Hsiao Fu-chen stated that strong public opposition may develop from any rapprochement between China and Japan, which would mean a surrender of China's sovereignty in Manchuria. Communists would seize the opportunity to spread their doctrines. If the Chinese authorities should surrender to a Japanese rapprochement, the foreign powers would, no doubt, take steps to protect their interests in China. In order to save the country from imminent danger and with a view to preserving Far Eastern tranquillity, Mr. Hsiao said that the Kuomintang Central Executive and Central Supervisory Committees in the South had decided to circulate a telegram against the rapprochement negoitations.

In this connection the writer learned from authoritiatve sources that the contemplated Southwest circular telegram criticizing the foreign policy of the Nanking Government was delayed for redrafting and may not be issued after all. This was partly due to the fact that the exact terms of the Nanking-Tokyo co-operation have not yet been formally signed. An unconfirmed report, which was apparently reliable, said that Major-General Doihara also discussed with Canton leaders the question of suppressing the anti-Japanese boycott movement in South China, which movement however, has not been so serious in recent months.

Canton, March 10, 1934.

Chekiang to Become China's Premier Tourist Center

Visualizing the possibility of turning Chekiang Province into a great tourist center, the Chekiang provincial authorities have taken steps to make "tourism" in the province a government enterprise. Chow Hsiang-hsien, Mayor of Hangchow, is pushing the movement through the Provincial Tourist Bureau.

Besides building modern hotels at various scenic spots in the province for the convenience of tourists, other functions of the various district administration offices will be to register private land and property, to manage government waste land, to reorganize tourist administrations at various hsiens, to organize special police forces in the scenic districts and to readjust and beautify the various scenic spots. Guidebooks for travel in both Chinese and English have been published and distributed among Chinese and foreign organizations.

National Industrial Relief Association Is Organized

A joint telegram signed by 160 commercial and industrial guilds in Shanghai, announcing the organization of a National Industrial and Commercial Relief Association to work for the revival of prosperity, was desatched to President Wang Ching-wei and General Chiang Kai-shek March 4.

Sino-Japanese "Economic Co-operation"---Feasible or Fantastic?

BY C. Y. W. MENG (孟 長 沐)

NANKING and Tokyo talk very much about "friendship," "joining hands," "economic co-operation," etc. Let us now leave aside all other political aspects of the problem, and devote ourselves to discuss: Is such "joining hands," "co-operation" possible, or only fantastic?

Japan's China Economic Policy

The Tokyo Foreign Office in discussing about the Japanese economic policy towards China on February 14, was reported to have reached the following conclusion (roughly summarized):—

(1) In order to ameliorate the feeling between the Chinese and Japanese economic organs and industrialists, Japan would despatch an Economic Investigation Mission to China.

(2) In order to enable China to undergo a thorough economic and financial reconstruction for her revival, Japan deems it necessary for her to give the following assistance to China:—

a. Economic as well as technical assistance to China to develop Chinese agriculture.
b. Development of Chinese cotton industry to supply the raw material to Japan; and improvement of the purchasing power of the Chinese farmers.
c. Economic as well as technical assistance to China for the nationalization of the Chinese industries.
d. Enforcement of quota system for the improvement of the import of each others' commercial commodities.

(3) Formation of some sort of "new silver pact" to cope with the American policy of nationalization of silver; improvement of Chinese monetary system; consolidation and unification of Chinese bank-notes.

(4) Opening of a $2,000,000,000 Bank in Shanghai by Japan to assist the Chinese currency reforms, and to relieve the Chinese industrial circles from difficulties.

(5) Rigid suppression of Anti-Japanese activities, thorough suppression of anti-Japanese education, to cause the Chinese to realize that to boycott the "cheap" but "good" products from Japan is one of the great obstacles to the economic reconstruction of China.

(6) Causing China not to raise the customs tariffs but lowering the tariffs, particularly, for the Japanese imported goods.

The "Three Steps"

Put in other words, there are "three steps" toward the Sino-Japanese economic co-operation, namely, first, the suppression of anti-Japanese activities; secondly, "exchange of commercial commodities with one another;" and thirdly, granting loans to China.

We do not like to dwell on the first step for the simple reason that it has in fact been already attained. We do not see any more the holding of anti-Japanese mass meetings anywhere; posting of anti-Japanese slogans on the wall; the burning of Japanese imported goods. (This is now definitely prohibited by orders from Nanking). The Chinese customs reports also show that the volume of Japanese imports to China is increasing rapidly. So we could say that the anti-Japanese activities in China have already died out. What is meant by "rigid suppression of anti-Japanese activities?" We suppose the Japanese must really mean, firstly, the discontinuation by China of having more close contact, political as well as economic, with the American-European nations, which Japan considers contrary to Japanese interests and activities in China; secondly, the buying by the Chinese of more Japanese "cheap" and "good" products; and thirdly, discouraging the development of Chinese industries which may be in conflict with the Japanese industries and market. By exchange of commercial commodities with one another, it generally and necessarily means that a country must produce more commodities than it needs; and further that such surplus commodities must just meet the needs of the other. So these two countries could exchange commercial commodities to the advantage of both. The exchange of commercial commodities with one another would be entirely impossible if the country could not produce enough commodities even to meet her own needs, or if what it could produce does not meet the needs of the other. Let us now study carefully what are the principal imports and exports of China and Japan, respectively, and from which we could easily find out whether what has been exported by Japan would meet the needs of the Chinese, and vice versa. Let us now study the following Tables:—

Japan's Principal Imports (1933)	*Percentage of the Total Imports*
Cotton	31.6%
Wool	8.6
Iron and Iron ore	8.3
Mineral oils	5.7
Machinery	3.8
Beans	2.6
Wheat	2.3
Bean cakes	2.2
Timber	2.1
Coal	1.9
India rubber	1.9
Vegetable oil	1.2
Miscellaneous	27.8

China's Prinicpal Exports (1933)	*Percentage of the Total Exports*
Raw silk	9.4%
Cotton yarn	6.5
Egg and egg products	6.0
Tea	5.6
Metals and minerals	5.3
Leather and hides	5.2
Tung (wood) oil	4.9
Cotton	4.9
Silk manufactures	3.4
Peanuts and products	3.9
Oil products	3.1
Miscellaneous	41.8

From the above Table, it will be clearly seen that Japan needs cotton, wool, iron and iron ore, which constitute the principal imports to Japan. But on the other hand, it is equally clear that China has none of these to export to Japan.

Japan's Principal Exports (1933)	*Percentage of the Total Exports*
Raw silk	21.3%
Cotton products	20.9
Silk goods	7.7
Canned goods	2.6
Knitted goods	2.3
Vehicles	1.5
Iron products	1.5
Toys	1.4
Machinery and accessories	1.4
Timber	1.0
Chinaware	1.9
Flour	1.9
Iron	1.9
Boots and Shoes	1.6
Papers	1.0
Cotton yarn	0.9
Miscellaneous	29.2

China's Principal Imports (1933)	*Percentage of the Total Imports*
Rice	11.2%
Kerosene, Liquid fuel and lubricating	8.6
Cotton	7.3
Metal and minerals	7.2
Wheat	5.6
Cotton goods	5.3
Chemicals	3.8
Papers	3.3
Sugar	3.1
Dyes, etc.	3.0
Machinery	2.9
Timber	2.8
Wool cotton unions	2.4
Flour	2.2
Tobacco leaves	2.2
Miscellaneous	28.3

From the above Table, it will be equally clear that China needs rice, kerosene, etc. But on the other hand, it is clear that Japan has none of these to export to China, Japan herself being also an importer of food stuffs and foreign kerosene!

By a simple comparative study of these two tables, it will be seen at once that what constitutes the principal products (silk, tea, etc.) of Japan are also principal products of China. What is needed by China (rice, wheat, cotton, mineral oils, etc.) is also badly needed by Japan. What one could produce does not in any way meet the needs of the other! Not only this, there is keen competition and conflict of markets between the Chinese and Japanese commodities. Both China and Japan produce silk, tea, etc., and both of them have to find foreign markets. In such a situation how could it possible to develop Sino-Japanese trade on an "exchange basis?"

Chinese Products for Japanese Products

Let us now study the Chinese and Japanese products which were mentioned by the Japanese, and which the Japanese propose to exchange with one another.

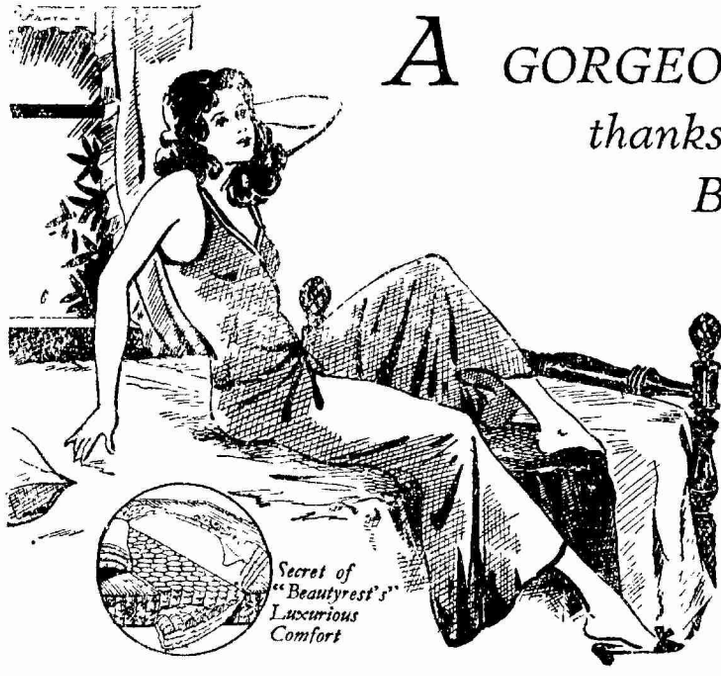
(1) Cotton: According to the investigation of New Asiatic Economic Bureau, Japan needs annually about 10,618,000 piculs of cotton. But Japan, including Korea, could produce only 508,000 piculs. That is, Japan is short of 10,109,000 piculs of cotton. China could produce about 8,099,000 piculs of cotton annually. But China needs cotton for her own manufacture. She has to import annually foreign cotton from 1,000,000 to 3,000,000 piculs. So it is clear that China does not have any surplus cotton to export to Japan.

(2) Iron: Formerly, China could produce annually 7,738,000 tons of iron. About half of this is for her home consumption. But since the loss of the Three North-Eastern Province (Manchuria), the annual iron production in China drops to 2,207,000 tons only. We believe China has now not enough iron for her own industrial reconstruction, not to speak of export of iron to Japan.

As to iron ores, statistics from reliable sources reveal that China could supply only 28.5% of the Japanese needs. In view of the fact, China is undergoing her industrial reconstruction, China needs these minerals badly for her own use. Hence, Japan is advised not to rely on China for mineral supplies.

(3) Wool: Japan could produce annually only 1,538 piculs of wool, but Japan needs about 1,807,000 piculs, leaving a big shortage of 1,806,000 piculs, according to the investigation from the same Bureau. The Chinese customs reports reveal that China exported 254,000 piculs of wool in 1933 to foreign countries, 87% of which goes to the U.S.A.; and only 13,363 piculs to Japan. That is to say what China exports supplies only 7% of the Japanese needs. Assuming that all of the Chinese wool would go to Japan, it supplies only 13.3% of the Japanese needs!

(4) Agricultural products: With the fall of the Three North-Eastern Provinces into the hands of the invaders, with which goes



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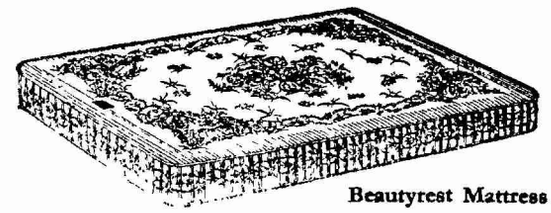

Beautyrest Mattress

SIMMONS

BEDS - SPRINGS - MATTRESSES

ane of China's principal exports—soy beans—China has no other ogricultural products to be exported. Not only this, China has to import foreign rice, wheat, etc., in huge quantities annually to feed her own people.

Japanese Products for Chinese Products

(1) Cotton: Due to rapid development of cotton industry in China, China is producing more cotton products by herself to meet her needs. In 1928, China imported 285,152,000 yards of cotton yarn from Japan, but in 1930, only 215,136,000 yards. In 1933 China (Except Manchuria) imported only 113,226,000 yards. The sole reason is that China could now produce more cotton products by herself.

(2) Machinery: This could easily be dismissed by the fact that Japan herself is a big importer of foreign machinery, so the Island Empire could not help China in this respect.

Japan's Selfish Move!

There are two reasons why the Island Empire is now talking and demanding "economic co-operation" with China. First, it is because, the Japanese goods are now being barred everywhere, either by high tariff walls, or by high and unfavorable rates of exchange, or by both, put up by the foreign governments. Secondly, it is because though Japan's trade with China constitutes only 27.43% of Japan's total foreign trade, and that with the U.S.A. constitutes 34.43%, yet Japan's trade with China is far more important and essential than that with the U.S.A. to Japan. 95% of Japanese sugar, 86% of Japanese wheat, 84% of Japanese paper; 72% of Japanese seaproducts, 75% of Japanese coal, 42% of Japanese cotton yarn, goes to China. That is to say, should Japan lose the American market, only Japanese raw silk would suffer. But should Japan lose the China market, the whole of Japanese industry has to collapse. Such is undoubtedly the "motive" behind Tokyo's present talks for "joining hands," "economic co-operation," etc., with China. The present Japanese move is only another selfish move!

Detrimental to China

On the other hand, the large imports of Japanese "cheap" goods to a country which is just undergoing her industrial reconstruction is quite detrimental as well as suicidal to that country. Under such conditions, what is she going to do with her "infant industries"?

Indeed, it is true that out of several products mentioned by the Islanders for exchange, Japan might supply China with cotton products. But this is conditioned upon the buying of raw cotton by Japan from China. As stated above, China has no surplus cotton to be exported to Japan, as she herself is also an importer of foreign cotton. Should China export too much of her cotton to Japan, what is about her own cotton industry?

Therefore, we can conclude that the so-called "Sino-Japanese joining hands, economic co-operation, etc.", is physically a matter of impossibility; and economically, detrimental and suicidal to China!

Nanking, March 9, 1935.

Ministries to Study Operation of Public Utilities by Private Companies

The question of supervision over various public utility enterprises operated by private interests in the country, which has heretofore been rather confused, was considered at a joint meeting of representatives of the Ministries of Communications, Industry and Railways and the National Reconstruction Commission at Nanking Mar. 8.

According to the proposed measures, the following enterprises are to be put under the supervision of the following government organs: (1) Electrical and power enterprises under the National Reconstruction Commission, (2) Waterworks under the Ministry of Interior, (3) Telephone, tramcar and aviation enterprises under the Ministry of Communications, (4) Gas works under the Ministry of Industries, (5) Long-distance bus service under the Ministry of Railways, rnd (6) Other miscellaneous enterprises under the Ministry of Interior.

Shanghai Industrialists Return from Philippines

The group of Shanghai industrialists who went to the Philippine Islands on an investigation tour arrived back in Shanghai Mar 10. The Industrial commission consisted of 26 persons headed by Wang Hsiao-lai, chairman of the Chinete Ratepayers Association ot the International Settlement. Commenting on the accomplishments of the commission during a press interview, Mr. Wang referred to plans agreed upon during the stay of the commission in Manila to organize a special body known as the Sino-Filipino Trade Commission to be charged with the duty of promoting Sino-Filipino trade clations. Mr. Wang said that he was particularly impressed with the cordial relations between Filipinos and overseas Chinese merchants and residents.

Dr. C. T. Wang, former minister of foreign affairs, who was chairman of the commission, is remaining in Singapore for a short visit.

Japanese Say Nanking Opposes Pan-American Proposal

Japanese telegrams from Nanking March 1 stated that an unofficial statement had been obtained at the Foreign Office confirming the Government's opposition to the proposal of Pan-American Airways that a passenger air service by inaugurated between the United States and China. It was pointed out that, at the present time, the Chinese Government is obliged to exercise the greatest caution in granting concessions to foreign countries, as privileges extended to one nation may be demanded by another and the Government may find it inadvisable or difficult simply to reject such a demand.

California-China Air Line to Start Service in July

The California-China air mail service will begin about the middle of July, it was announced by officials of the Pan-American Airways Company in New York, Mar. 10. The announcement said that the ss. *North Haven* will sail from San Francisco early in April, carrying 6,000 tons of equipment, 44 technicians and 74 workmen to instal operating facilitles for the big "clipper ships" at the Hawaiian Islands, Midway and Wake Islands and Guam. Permission has been granted by the United States Navy for the use of harbors and land facililies on the various islands for the commercial line.

Wake Island Landing Facilities to Be Investigated

Another step toward a California-China air-mail and passenger line was taken by the U. S. Navy Mar. 8 when the U. S. Transport *Nitro* was ordered to Wake Island to make a thorough inspection of landing facilities—both in the harbor and on the ground.

Hongkong Stages Air Defense Maneuvers

The Hongkong army and air forces held three-day air defense maneuvers March 11, 12, and 13.

According to a Japanese report, the British aerial policy in the Far East is to establish an air route between Singapore and Canton via Hongkong, and the British authorities are putting up a competition with the American authorities, who are making efforts to link the Pan-American Airways with the China Aviation Company. The Japanese say the British authorities have drawn up the plan of establishing a permanent military, naval, and air base at Hongkong in anticipation of the abolition of defense limitations on the Pacific, consequent on the abrogation of the Washington Agreement.

Describing Hongkong as a natural "Charing Cross" the aviation correspondent of the Hongkong *Daily Telegraph* says that an extension of the Imperial Airways system from Singapore to Hongkong is being actively considered. The whole future of commercial aviation in China is bound up with this question, he declares.

Huge Douglas Airliner Due Here End of This Month

A large twin-engined Douglas airliner destined for the Shanghai-Peiping run of the China National Aviation Corporation, is due to reach Shanghai on March 27. The new Douglas has a speed close to 200 miles an hour and has passenger capacity for 14 persons in addition to air mail. A special pilot will come out with the plane.

Four More Planes to Be Named at Nanking April 4

A naming ceremony for four more airplanes, recently donated to the Government by the people, will be held in Nanking on April 4.

Eurasia Negotiates to Resume Sinkiang Air Route

D. D. Li, manager of the Eurasia Aviation Corporation, declared last week that his negotiations with Kao Shih-pin, commissioner of Reconstruction of Sinkiang Provincial Government may eventually pave the way for the early resumption of the Company's Shanghai-Sinkiang airline as a section of the Shanghai-Berlin route.

New Airline to Link Peiping-Shanhaikwan

The director of the Aviation Department of the Kwantung Army Headquarters visited Peiping last week for conferences with Chinese authorities to establish an airline linking Tientsin, Peiping and Shanhaikwan. The line is to be connected with the Shanhaikwan-Chinchow line now in operation. The Tientsin airdrome will be situated at Peilitai, near Nankai University, while the Peiping station will be at Nanyuan.

U.S. Airman Shatters Another Record

Leland S. Andrews, set a new speed mark between Los Angeles and Mexico City March 7, making the journey in eight hours and nine minutes.

Soviets Open Express Air Service to Arctic Regions

The Moscow Postal Communication Managing Board has opened an "Express" correspondence and parcel air service with the Arctic regions.

Manchukuo to Erect Radio Station as Aid to Air Service

As the first step to insure the safety of the projected regular air service between Japan and Manchukuo, the Manchuria Air Transportation Co. has announced a decision to construct a special radio station at Chinchow, about 30 kilometers north of Dairen.

Soviet Airline to Cut Tokyo-Moscow Trip to Five Days

Moscow will be brought within days' travelling distance from Tokyo when the Soviet air line linking Vladivostok with the U.S.S.R. capital is inaugurated in May, according to tourists who recently arrived from Russia.

460,000 Women Now Receiving Aviation Training in Russia

Over 460,000 women and girls throughout the Soviet Union are now receiving aviation instruction from the Ossoaviachim, the civil organization for training the population to participate in military operations in case of emergency, according to a recent announcement from Moscow.

American Telephone and Telegraph Co. Makes Improved Showing

The American Telephone and Telegraph Company, whose stock is probably more widely held than that of any other corporation in the world, has in 1934 made a greatly improved showing over the preceding year. Net income of A. T. and T. for the year was $111,167,554, including the consolidated accounts of all affiliates, which is equivalent to $5.96 per share. The 1933 net income was $100,341,875, equal to $5.38 per share. Despite the improvement, the company for the third successive year has been forced to dip into its surplus to maintain its regular dividend rate of $9 paid annually to more that 675,000 stockholdrs.

Charles E. Mitchell Starts His Own Firm in New York

Charles E. Mitchell, formerly head of the National Bank of New York, has opened his own firm under the name of C. E. Mitchell and Co. at No. 41, Broad-street, New York City. During the famous Senate Committee's inquiry into banking and Stock Market practices—which followed the panic of 1929 and subsequent depression—Mr. Mitchell was put "on the spot." He resigned from the National City Bank. As head of his new company Wall Street believes that Mr. Mitchell stands a good chance of a "come-back."

Business Failures Increase, Steel Production Declines

Business failures in the United States during the week ended February 21 totalled 285, the largest total of any week in the last eighteen months. United States steel production fell to 48.5 per cent of capacity due to continued light rail orders. A New York Stock Exchange seat sold on Feb. 27 for $80,000, which was $5,000 below the price paid in the last preceding sale.

Baldwin Locomotive Works Hit by Depression

The Baldwin Locomotive Works at Philadelphia Feb. 26 filed a petition for reorganization under Section 17-B of the Federal Bankruptcy act. The company has found itself unable to meet interest obligations amounting to U.S.$313,158, due March 1, on its consolidated five-year mortgage bonds, which total U.S.$12,438.600.

Panic Strikes U. S. Markets—Cotton Prices Drop Heavily

The New York cotton market became panicky Mar. 11 under an avalanche of selling orders which resulted in a sudden and startling break exceeding five dollars a bale.

Bank Unification in America a Distinct Possibility Within a Few Years

Virtually complete unification of the United States' $50,000,000,000 banking system under the Federal Reserve System will be a distinct possibility within a few years, it was forecast by prominent Administration leaders in Washington, Mar. 3.

Wanamaker Art Collection Being Sold at Auction

Following the lead of other important art collectors, in the United States executors of the estate of the late John Wanamaker, Jr., have decided to auction off—for cash—800 pieces of period furniture, Chinese jades and tapestries.

Half a Million Babies Born to Indigent Families

Because half a million babies were born in the United States last year to families living on public relief, birth control advocates are urging the spread of contraception knowledge particularly among such families.

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American Trade Mission Will Not Seek Contracts

W. Cameron Forbes, head of the American Trade Mission to the Far East, which will sail from San Francisco on March 23 says that the members of the Mission will not seek contracts, but, instead, will study the facts and figures concerning the, prospects for future trade in the Far East.

The U.S. Securities and Exchange Commission

BY CHARLES SUMNER LOBINGIER*

SHOWMAN Barnum's oft quoted remark that "Americans like to be humbugged", finds ample confirmation in the quality of their investments. Our country has been so prodigal of its resources, and financial ventures which would elsewhere be considered hazardous have so often succeeded here, that our people have been rather inclined to "take a chance" in some alluring scheme than to remain content with returns which are more modest even if more certain.

In no field has this tendency been more marked than in the flotation of stocks and bonds—often miscalled "securities". It is a subject of common remark among dealers in these commodities that the average investor "buys a picture"—often of some stately edifice in which the public is temptingly invited to invest, without being informed that it is yet to be erected, or that the land upon which it is expected to rest is held under a lease for a term of years, more or less brief, or, even when erected, that it is plastered with liens. Or it may be that the offer is of "shares" in a corporation whose assets are to be acquired some time in the future but whose plans and prospects are set forth in the same glowing terms as if describing realities.

The world depression, with its various premonitory symptoms, like the stock market crash of November, 1929, bared the real nature of such enterprises; but it did not create them. They had flourished long before and fattened upon the ignorance—one might almost say helplessness—and susceptibility of our investing public.

It was to meet this appalling situation—long chronic but then grown acute, and intolerable—that the Securites Act of 1933 and the Stock Exchange Act of 1934 were passed. The former created a Commission to supervise the issue and (interstate) sale of securities; the latter gave the Commission power to regulate stock exchanges. In each case the purpose was to protect the investor by requiring the issuer of a security to submit both to the Commission and the exchange, whereon it was sought to be listed, all data for determining if it were free from fraud.

And just here a word of caution is necessary. The law does not constitute the Commission a board of investment counsed. Its purpose is to protect the investor—not to advise him. But in performing the first named function the Commission has authority to see that for every dollar of stock or bonds issued, the issuer shall have tangible property to cover it.

The method of reaching the determination above mentioned includes two distinct processes: there may be an economic (or other scientific) and a judicial, investigation. Thus, if the issue offered for registration is of shares in a company to develop a mine (a popular definition of which is "a hole in the ground owned or, exploited, by a liar") it application (technically called the "Registration Statement") goes to the Commission's mining expert for analysis, to determine whether the Registrant's property is of sufficient value to justify the amount of the issue. If the expert, or others of the examining staff, reports that it is not sufficient, the Commission may order a telegraphic notice to the Registrant, reciting the objections to the application and fixing the time and place (which latter may be outside of Washington) of a judicial inquiry.

It is at this point that I come into the picture—to conduct such inquiries the Commission's building (1778 Pa. Ave.) contains a large Court Room and regular judicial proceedings are conducted there, with counsel appearing for the Commission on the one hand and for the Registrant on the other. Evidence is taken, according to the recognized rules of procedure, and when the hearing is completed, briefs may be required of counsel and a full report of the case, with findings, is then made to the Commission, which takes final action, (subject to review by any of the eleven Federal Courts of Appeal), to approve or deny registration of the security. If the latter, none of the issue offered for registration may be sold across state lines.

Hence when this post was offered me, I saw in it an opportunity for real, worth-while, public service. Here, too, I felt, was a field for utilizing my twenty years of judicial experience. For every hearing upon an application to register, or even to delist, requires the same professional equipment, and involves exercise of the same faculties,as any other judicial proceeding. One is not apt to underrate his own line of work; but I cannot escape the conviction that, of all phases of the "New Deal", none is more likely to be permanent then the Securities and Exchange Commission. The personnel will change, of course—has already changed in some cases—but the institution will endure. For it was created in order to meet a crying need—as critical and distressing a situation as that which called into existence the Public Health Service—not to mention the Interstate Commerce Commission, the Federal Reserve Board or the Federal Trade Commission. Such institutions are signs that America has passed out of the antiquated stage of *laissez faire* and into that larger conception of government which recognizes as its primary concern, the welfare and prosperity of the whole people.

Washington, D. C., February 15, 1935.

**Address at the Charter Day dinner of the Washington branch University of Nebraska Alumni Association, Feb. 15, 1935.*

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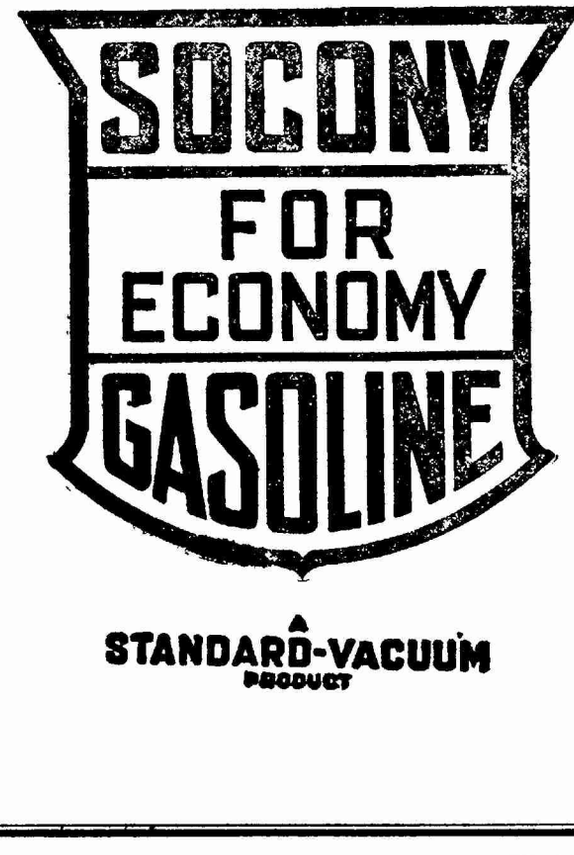

Japan Wants New Trade Treaty with Australia

Negotiations aiming at the conclusion of a new trade treaty between Japan and Australia will shortly be resumed in Canberra on the basis of new instructions dispatched by the Gaimusho to Kuramatsu Murai, Consul-General in Sydney, according to an official of the Foreign Office in Tokyo March 7.

⁂

Shipping War Between Japanese and Dutch Lines Begins in Earnest

Four Japanese shipping companies, with lines running to Java, have launched a vicious tariff war against the Java-China-Japan Lijn, Netherlands concern. The hostilities came in the wake of the withdrawal of the four concerns on March 4 from the Java Freight Tariff Conference.

Japanese shipping interests have formed a pool with a view to cutting from Yen 2,000,000 to Yen 2,500,000 in the business of the Java-China-Japan Lijn, which, in January carried 49 percent of the total cargo shipped from Japan to the N.E.I. The Netherlands Line, at one time late last year, transported 68 per cent of the entire southbound shipments. Free competition between the Japanese shippers and the Java-China-Japan Liju was started on March 4, when the four Japanese members announced their withdrawal from the Java Freight Tariff Conference.

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Japan's Great Asia Society Report Arouses Interest in India

The first annual report of the Great Asia Society, founded in Tokyo in celebration of the anniversary of Manchukuo's "establishment," aroused great interest when copies reached India via Singapore some weeks ago. The New Delhi correspondent of the *Manchester Guardian* pointed out that the principal objects of the Society are:

(a) to infuse Asianism amongst Japanese nationals and to teach them the real conditions in other Asiatic countries;

(b) to diffuse Japanese civilization and to introduce the Manchukuo state of affairs to Asiatic countries.

(c) to study commercial relations between Japan and the countries in the Near East.

In elucidation of "the Manchukuo state of affairs," the prospectus of the society begins with the statement that "the establishment of Manchukuo is only the beginning of a revolutionary change in the history of the world," for it is Japan's business to be lord, master, and director of Asia's "unification." This unification is all one with the obvious future development of international politics and economics into "Pan-Europeanism, Pan-Asianism, Pan-Soviet, and Pan-Anglo-Saxonism."

Quotations are given from a ecture by Major General Itakagaki who said that in order to achieve the ideal of Pan-Asianism "a clash is inevitable between Japan and England and America, who are the supporters o the Kuomintang." An enterprising young Hindu journalist "promised to report the development of Japanese Pan-Asianism to the 350,000,000 Indians in India."

⁂

Japan to Cut Raw Cotton Imports

Raw cotton importation by Japanese mills will soon be materially reduced, it was predicted by financial leaders in Tokyo, Mar. 11. The high price of Indian cotton and the unsettled situation regarding the American crop control plan were given as reasons for this forecast.

⁂

Shanghai Journal Comments on Anti-Catholic Movement in Japan

The newspapers in Japan featured an editorial which appeared in the *Journal de Shanghai* (French official organ) last month commenting on the anti-Catholic incidents which took place on the island of Amami-Oshima, off the coast of Kyushu, early this year.

Writing under the caption "Strange Anti-Catholic Campaign in Japan," the journal declared that the execution of the campaign has naturally been entrusted to the Japanese police, although the plan was initiated in the minds of "members of an influential group in the army."

"These people," asserts the journal, "are haunted by Tokugawa's policies and are probably resolved to rid Japanese souls of all Western moral influence. Overlooking the real dangers of the motion-pictures, which really wreak serious damage in their country, they now launch attack on the Christian religion."

The French paper went on to cite certain Japanese military men who, judging the virtues of Catholicism objectively, in the past did not object to the propagation of the faith in Japan and the Japanese colonies.

"But the promoters of the new anti-Catholic movement," it asserts, " are people whose thoughts are turned exclusively toward a certain past and who dream of forcing Japan into the mould in which the Old Nippon was modeled."

Bridge Collapse Causes 21 Deaths in Chekiang Village

Twenty-one persons lost their lives as the result of the collapse of a bridge railing at Lungya, a town to the northeast of Kiangshan on the Chekiang border, on March 6, when a bus crashed into it. The tragedy occurred when a lage crowd of villagers gathered on the bridge to watch a lantern parade which was staged there in commemoration of the recent victory of the Government troops over red bandits in Kiangsi. As the attention of everybody was centering on the lantern parade, a fully loaded motor bus passed through the bridge, and through some faulty maneuver of the driver it crashed against the railing causing more than 200 persons on the bridge to fall into the river.

Nanking Protests to Siam Because of Closing of Chinese Schools

The Ministry of Foreign Affairs has ordered General Chiang Tso-pin, Minister to Tokyo, to lodge another protest with the Siamese Government, through the Siamese Minister at Tokyo, against its decision to close down Chinese schools in Siam and to force Chinese students to attend Siamese schools.

The Siamese Economic Mission headed by Prince Laksanakara and Khun Hmahrm, Minister without portfolio, arrived in Tokyo Mar. 11. The Siamese-Japanese trade prospects were discussed in the Lower House Mar. 8, when the Government was urged to lift the ban on the imports of Siamese rice.

No Solution of Chinese Financial Problem in Sight

The air has been full of rumors during the past week as for several weeks past, concerning the future of China's monetary policy, but so far nothing has been done, nor, so far as one can see, has anything definite been decided upon. Dr. H. H. Kung, minister of finance, departed from Shanghai for Nanking in the night of Mar. 12 following a busy day conferring with local financial leaders on measures for the alleviation of the economic plight in Shanghai. In Nanking Dr. Kung attended the meeting of the Executive Yuan in Nanking, where he brought up the relief schemes proposed in Shanghai for consideration. Leaving for Nanking by the same train were also Yang Teh-chao, representatives of General Chen Chi-tang, and General Hsu Ting-yao, chief of the recently returned military affairs inquiry commission. The former it is understood, may proceed to interview General Chiang Kai-shek with regard to financial problems confronting the Communist-suppression campaign in Kwangtung.

Five representatives of the Chinese Industrial and Business Associations, recently formed by a number of public bodies, factories and shops, called on Dr. H. H. Kung, vice-President of the Executive Yuan and Minister of Finance, in Shanghai, March 11 to request official approval of their "emergency relief measures" calling for the formation of a syndicate of banks in Shanghai to set aside $5,000,000 for small credits to the needy business establishments and $100,000,000 for mortgages of goods and realty properties.

Questioned about reports concerning monetary changes in China, Dr. H. H. Kung, Minister of Finance, Mar. 8 observed that while the Government is preparing adequate measures to deal with the situation, current reports of its intentions are both premature and ill informed.

A national program for the relief of the present financial stagnation in this country is understood to have been mapped out by the National Government. On the basis of this program, it is learned, Dr. H. H. Kung, Minister of Finance, is now discussing with the various circles concerned in Shanghai regarding detailed measures for carrying out the program.

Interviewed regarding the question of an international loan to China, a high official of the government in Nanking March 9 revealed that whether the loan is to be made by four Powers combined or by any one Power independently, there has only been preliminary consideration on the part of the Powers. It will be a long time yet, the spokesman said, before any such loan will become a reality. At any rate there was no intention to adopt the Kemmerer plan of a gold standard.

Replying to the petition of the Shanghai City Chamber of Commerce for urgent relief to the merchants and industrialists in Shanghai, President Wang Ching-wei replied in a telegram that concrete measures of relief have already been devised by the Central authorities. The Ministries of Finance and Industry and the Greater Shanghai Munlcipal Government have taken up the matter for joint consideration.

Silver Smuggling Frustrated at Amoy

An attempt to smuggle $30,000 worth of silver on board the s.s. *Haining* was frustrated at Amoy March 9, when the plot was discovered by the Customs authorities.

British Reduce Consulate General at Nanking to Consulate

The British Consulate General at Nanking has been reduced to a Consulate. H. T. Prideaux Brune will be Consul at Nanking in succession to A. P. Blunt, the latter having been transferred to Manila. The new Consular official will be concurrently Chinese Secretary of the British Legation

British Minister Spending Two Weeks in Nanking

Sir Alexander Cadogan, British Minister to China, came to Nanking for a two weeks' stay in the Capital. He is accompanied by Sir Eric Teichman, Chinese Secretary of the Legation.

Ariyoshi Makes Trip to Nanking

A. Ariyoshi, Japanese Minister to China, proceeded to Nanking March 7 accompanied by Mr. Arino, second secretary of the Japanese Legation in China. He called on Wang Ching-wei, President of the Executive Yuan, and other promment officials.

French Consul at Mukden Transferred to Tientsin

P. Crepin, French Consul in Mukden, has been ordered to the French Consulate-General in Tientsin.

Reports that the British and Japanese Legations in China will be removed from Peiping to Nanking have again been revived.

The initial expenses for the Chinese Legation in Turkey have been fixed at $40,000. General Ho Yao-tsu, the first Chinese Minister to Turkey, will depart from Shanghai for his post April 10.

Dr. Tsung-Chi Yu, Chinese consul general in Havana, arrived back in Shanghai last week to spend his vacation.

Capitaine de Vaisseau (Commander) Rosati, recently appointed French naval attache to Peiping and Tokyo, will depart from France for the Far East March 20.

M. Bogomoloff, Soviet Ambassado to China who is now on furlough in Russia, is scheduled to return to China shortly after meeting Dr. W. W. Yen, the Chinese Ambassador, in Moscow.

Rise of Yellow River Inundates Hopei Villages

Frantic appeals for relief are being received in Tientsin from both the officials and residents of Changyuan, southern Hopei, reporting on the critical condition of the city with the continuous rise of the Yellow River in that district. The city wall is now only a few inches above water and there is imminent danger of the city being totally submerged. Several hundred villages in the Changyuan district have been inundated.

Wuching Flooded As Result of Rise of Yunting River

The Wuching district, near Tientsin, has been flooded as a result of the sudden rise of the Yunting River. Despire the relief measures adopted by the authorites to hasten repairs to the breached dykes, it seems that all hopes for the wheat harvest this spring in Wuching are wholly lost.

Over 10 villages along the middle reaches of Yungting Ho (River) in Wutsing, north of Tientsin, have been inundated as a result of the sudden collapse of portions of the dykes.

⁂

Hai Ho Engineering Bureau Is Abolished

Abolition of the Hai Ho Engineering Bureau was ordered by the National Economic Council Mar. 8. The engineering work heretofore in charge of the Bureau will be placed under the North China River Conservancy Commission. *Reuter* says the project should normally have been completed in 18 months, but although the sum of $4.000,000 was placed at the disposal of the commission and nearly six years have elapsed, the scheme has not yet been completed.

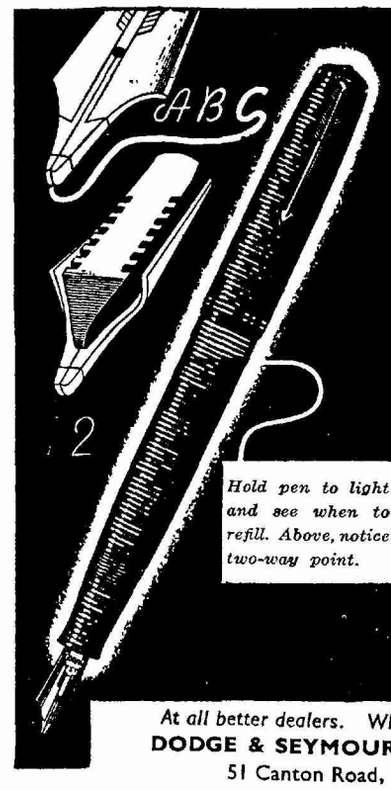
⁂

Drought Refugees Allegedly Murdered by Villagers

The *Japan Chronicle* of Feb. 28 quoted from a Shanghai Chinese news agency details of the massacre of 55 persons by villagers of Chingpu, about 30 miles from Shanghai. It was alleged that 500 villagers, summoned by the beating of gongs, descended upon a party of 140 drought sufferers, who were in the district searching for food, and killed more than one-third of their number with spears, iron bars and various weapons, and then threw them in a lake. Although the attack is alleged to have taken place on February 12, it was only when a number of those who escaped went to Shanghai to employ lawyers to take up the case with the district magistrate that the news leaked out.

China Asks England for Favored Nation Treatment

The Ministry of Finance is pressing the point that under the most-favored-nation treatment provided in the Sino-British Treaty, China is entitled to the customs privileges contained in the tariff treaties which Britain recently concluded with Germany, Denmark and Norway.



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Sokolsky on "Why Fight Japan?"

(Editorial in The China Critic, Chinese Owned and Edited Magazine in the English Language at Shanghai)

IN the February (1935) issue of *Current History*, there is an article on "Why Fight Japan?" by George E. Sokolsky. Author of *The Tinder Box of Asia* and former correspondent for a number of American newspapers, Mr. Sokolsky needs no introduction. As early as his days with *The Far Eastern Review*.* Shanghai, Mr. Sokolsky demonstrated an unusual calibre to understand the Japanese and readily developed a friendly attitude towards them. Utilizing his capacity as a veteran student of Far Eastern problems, Mr. Sokolsky has been devoting the last few years to writing and lecturing in the United States in order to give the American public a better understanding of the problems on this side of the Pacific. As a resourceful and astute journalist, he undoubtedly exerts some influence upon American opinion.

"Why Fight Japan?" is a survey of Japanese-American relations, in which the former editor of *The Far Eastern Review* tries to show that there is really no ground for war between the two Pacific powers, though he admits the presence of considerable distrust and suspicion between them. In writing this article for *Current History*, Mr. Sokolsky is perhaps prompted by a desire for peace and with that motive we are in complete agreement, for a war never settles but only increase international complications. While reviewing certain political and economic issues which call for readjustment between the United States and Japan, Mr. Sokolsky has, however, falled to lay due emphasis on the basic cause of their misunderstandings, i.e., the difference in their national policies which, if not harmonized, may eventually bring the two nations to the verge of war. Either Mr. Sokolsky has deliberately omitted this matter of conflict in policy from his picture, or he can no longer see the Far Eastern situation in its proper perspective on account of his prolonged absence from the chief theatre of events.

Before going any further with the real issue concerning which, we believe, Japan and the United States must reach some form of understanding if an ultimate conflict is to be averted, let us reiterate the reasons which, Mr. Sokolsky asserts, would not justify a war between the two powers. Deploring the fact that American public opinion has become more and more anti-Japanese every year and that many Americans now believe war with Japan inevitable, Mr. Sokolsky claims that there can be no immediate economic basis for such a war. America's total investment in China is only one-seventh of Japan's, while American trade with China is hardly comparable with her trade with Japan. As far as the present administration in Washington is concerned, China is not even considered a factor in the American program of economic recovery. So, asks Mr. Sokolsky, why should we go to war with Japan?

The veteran journalist then attempts to show that the United States has always blocked Japan's hopes of expansion and conquest. The 1924 immigration act was called a great injustice to Japan. A diplomatic affront of the first magnitude was also inflicted upon her when President Wilson refused to recognize the principle of racial equality at the Paris Peace Conference. American opposition to the Twenty-One Demands, the occupation of Shantung and the Siberian military adventure only added fuel to the flame of Japanese resentment. Naturally, distrust and suspicion have increased between the two Pacific powers. These issues, Mr. Sokolsky tells us, make for unpleasantness and fear, but not for war, and further assures us that neither country wants war.

But in his survey of Japanese-American relations, Mr. Sokolsky has merely touched the surface issues. He has overlooked at least one important change in the situation in Japan, i.e., the growing militarization of the island empire. Need Mr. Sokolsky be reminded that since his departure from the Far East the military in Japan have seized all power, and have taken all diplomatic matters into their own hands? The men who are now directing Japan's destinies are not of the kind readily receptive to external advice; still less are they inclined to follow the established rules of international relations. An abnormal situation has apparently developed in Japan wherein reason can no longer make its voice heard. Mr. Sokolsky will not find it difficult to get evidence to substantiate this observation. Since the Japanese seizure of the Three Eastern Provinces in 1931, cases of independent and even unwarranted action on the part of Japanese militarists are legion. The League of Nations tried its utmost to *reason* with Japan, but failed. Diplomatic protests against Japanese aggression during the last few years have been sent from the leading capitals of the world, but they have brought about no noticeable change in Tokyo's policy. Japan has continued and is still going on with her own plans of conquest, and insists that her measures are necessary and her methods proper. The militarists in Japan, too, realise the danger they have to face, and are preparing to meet that danger. Did not Araki once declare that "we must live dangerously, ride the tiger"? When the affairs of a state (and an important state like Japan) are manipulated by a group of warlords bent on world conquest, and when they have no hesitation at all to tear international treaties into pieces to suit their own fancies, other nations will either have to give up their hopes of peace or be ready eventually to fight for their ideals of law and order. Between the present national policy of Japan and that of the United States, there is a fundamental difference. The two parties are following divergent paths. The longer they leave their differences unsettled the more irreconciliable they will become. In this fact lies the seed of a possible war between Japan and the United States.

War between Japan and the United States is possible on another count. As long as the two Pacific powers can reach no agreement on naval disarmament (a question to which Mr. Sokolsky makes no reference at all in his article), distrust and fear between them are bound to grow. In the United States there is already a sense of fear for the security of the Philippine Islands once they are granted complete independence. Can Japan be trusted or will she some day regard the Philippines as her "life-line" just as she did with Korea and Manchuria? Certainly Japan's past record does not give Washington any feeling of safety. And if she is not to be trusted, the United States will feel compelled to build a navy strong enough not only to defend Alaska and Hawaii but also to protect her Far Eastern territorial interests from the clutches of military adventurers. Here is the crux of the Far Eastern situation. On the one hand, America wishes to maintain the principles of Open Door and equality of opportunity for all nations. On the other, Japan is fully determined to become the sole guardian of Far Eastern peace. If the words of her official spokesmen can be taken as reliable indications, Japan is still more determined to attain naval equality, which would really give her entire freedom of action in the Far Eastern waters. Military expenditures now occupy more than 53 per cent of the Japanese government's budget. As long as the war-lords retain their predominant position in Tokyo, this feverish interest in "national defence" is not likely to decrease. The government treasury may burst, but the militarization of the island kingdom is likely to continue for some time to come. In the long run, the Japanese military may have to create a war in order to keep themselves in the saddle. It may mean renewed hostilities against China, or a war with Soviet Russia. Or it may be the creation of an incident embroiling the United States. The situation in the Far East is, in short, fraught with many dangerous possibilities.

Once a spark is produced, there is no telling where the conflagration may lead us. American public opinion may be against war at present, and this fact speaks well for their traditional love of peace. But if Tokyo's sabrerattling gets on their nerve, so to speak, and once the emotions of an articulate people such as the Americans are set to work, they can indeed be counted upon to do their share of damage too. A Chinese proverb says: "He who rides a tiger cannot dismount." If the Japanese militarists, by their own fault, find themselves in a jam and cannot get out, they may some day have to call upon other nations to find a solution for them.

**The "Far Eastern Review" is a pro Japanese journal published at Shanghai by George Bronson Rea, who is the Washington representative of the Japanese brotected state of Manchukuo.*

Report on Russian Women Urges Establishment of Commercial Enterprises

A report drafted by the Permanent International Committee for the Protection of Russian Women and Children in China and addressed to E. E. Ekstrand, chairman of the League of Nations International Committee for the Protection of Russian Girls Against White Slavery, recommends the establishment of commercial enterprises to employ Russian women who resort to prostitution because of inability to find other means of livelihood.

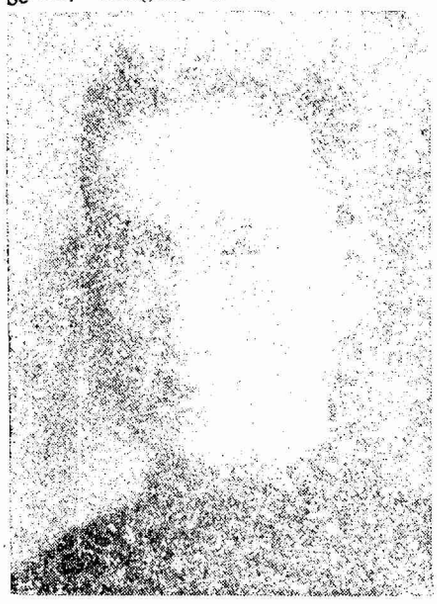
The judical committee in its report recognizes the need for closer co-operation between the League of Nations and the Chinese Government with regard to the management of dance halls and cabarets. The committee urges that the Chinese Government should be asked to maintain stricter vigilence over the issuance of licences to proprietors of cabarets and to make sure that the cabarets are strictly places of amusement and not semibrothels. This committee also urges that girls under the age of 20 should not be permitted by the government to work as taxi-dancers in any dance hall or cabaret. Another significant point in the judicial committee's findings was the need for plain-clothes men on the water front to watch the departure of outgoing coastal vessels in order to combat the white slave traffic to up-river and coastal cities.

In its report the charity sub-committee proposes that some form of hostel should be made available for Russian women who have gone "on the beach." The committee believes that an institution of this nature could be made self-supporting, the inmates to develop their own handicraft work, such as knitting, sewing, dress making, and other feminine pursuits.

Local observers point out that the position of Chinese women is worse than that of Russian women in China; for example, the sale of girls for a pittance is a common occurrence.

Who's Who in China

Tong Pao-shu, Government official and financier; son of Tong Chung-liang, prominent Shanghai merchant; born at Chungshan district, Kwangtung in 1891; educated at Thomas Hanbury School, Shanghai, and Oberrealschule zu Lichterfelde and University of Berlin, graduating in national economics and finance; practical banking experience in Deutsch-Asiatische Bank, Berlin; returned to China, 1921; organized Shanghai branch of the National Commercial & Savings Bank, Ltd. and was appointed manager and held post until January, 1933, when he was appointed Director-General of Postal Remittances and Savings Banks, Ministry of Communications; appointed Chief Commissioner of Purchasing Commission, Ministry of Communications in Feb. 1935; director: the Eurasia Aviation Corporation, National Commercial & Savings Bank of Hongkong, Contonese Guild, Ling Nan High School, the Sincere Co., and the Sincere Fire, Marine and Life Insurance Co., Ltd; member: International Recreation Club; Advisory Board, School of Commerce, University of Shanghai; Greater Shanghai Chamber of Commerce; Shanghai Bankers' Association; Chinese Bankers' Club; Shanghai German Club; Shanghai Yacht Club; Chinese Jockey Club; Shanghai Rifle Association; Automobile Club of China; Union Club; Amity Lodge 106 F. & A. M.; address: Postal Remittances and Savings Bank, 53 Foochow Road, Shanghai.



唐寶書
Tong Pao-shu (Tang Pao-shu)

唐寶書，現年四十四歲，廣東省中山縣人，爲上海商界聞人唐仲良先生之公子，曾留學於德國柏林大學，習經濟財政學得碩士學位，復在柏林德華銀行實習銀行業務，幷漫遊歐美考查各國工商業，返國後創辦中央印刷廠，眞華製線廠，美華線毯廠，香港國民商業蓄儲銀行滙行等幷充任經理，民國二十二年一月 奉國民政府簡派爲交通部郵政儲金匯業總局局長，同年十二月復奉令兼代郵政總局局長，歐亞航空公司中國航空公司董事，民國廿四年二月調任交通部購料委員會委員長，唐君熱心社會事業，現充廣肇公所董事，先施百貨公司，先施水火險公司，先施人壽保險公司，香港國民商業儲蓄銀行滙行參事，嶺南大學上海分校廣東中學，廣肇公學等校董事，滬江大學商學院贊助人，上海市商會銀行業公會，萬國體育會，上海德國總會，跑馬總會，誼廬等會員。

63 Foreign Newspapers Published in China

According to statistics compiled by the Journalistic to Department of the Central Kuomintang Headquarters, there now 887 Chinese newspapers, 509 Chinese news agencies, 63 foreign newspapers (mostly Japanese) and 47 foreign news agencies in China, which have been registered with the Government.

Chinese Protest Competition by Moller and Co.

That foreign shipping companies be immediately stopped from operating vessels in inland waters is urged in a telegram recently sent to the Ministry of Communications by the Chinese Chamber of Commerce. The opposition against foreign shipping firms arose from the fact that Moller and Company, a foreign navigation company, had been conducting freight service between Shanghai, Fuching, Hsing Hua and other ports in Fukien, in competition with two Chinese vessels, *Fu An* and *Fu Ping*.

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CUSTOMS NOTIFICATION No. 1434

TO WHOM IT MAY CONCERN

Whereas it has been reported to me, L. H. Lawford, Commissioner of Customs of the port of Shanghai, that the British Salvage Tug St. Aubin has become a wreck and is, or is likely to become, an obstruction or a danger to navigation, I now give notice that any contract entered into for the salvage of the said vessel which has not first been submitted to me and been approved by me in writing shall be held to be null and void.

L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 8th March, 1935.

CUSTOMS NOTIFICATION No. 1435

The public is hereby notified that in accordance with Government instructions all vegetable feeds of the nature of "mixed feed", composed of maize meal, kaoliang meal, beancake meal, groundnut-cake meal and bran, which are not specifically provided for under existing Export Tariff headings will as from the 6th March, 1935, be classified temporarily under Export Tariff heading No. 142, Fodder (Grass and Hay), duty being levied at 5 per cent. *ad valorem*.

H. O. Tong,
Superintendent of Customs.
L. H. Lawford,
Commissioner of Customs.

CUSTOM HOUSE,
Shanghai, 11th March, 1935.

Men and Events

Shen Chin-ting, Minister to Panama, presented his credentials to the President of the Panama Republic on March 1.

Recent shipments of a total of 30,000 tons of coal from Indo-China to Italy have cut into Britain's coal trade in said country.

Frank Smothers, correspondent in China for *The Chicago Daily News*, departed last week on a trip to Hongkong and Canton.

Prof. Tsung-Kao Yieh of Central China College, Wuchang, and Miss Grace M. Ling were married by the Rev. George A. Fitch in the Foreign Y.M.C.A., Shanghai, Mar. 8.

Chen Pao-shen, former tutor of Pu Yi, now "Emperor" of Manchukuo, and a friend of Sir Reginald Johnston, former Commissioner of Weihaiwei, died in Peiping Mar. 5.

A proposal for the establishment of a Mongolian-Tibetan Industrial Corporation was adopted by the Mongolian and Tibetan Affairs Committee at a meeting in Nanking, March 9.

The anniversary of the death of Dr. Sun Yat-sen was observed throughout China Mar. 12. The Shanghai Head Post Office and all its sub-offices observed hours as on Sundays.

Capt. A. S. G. Douglas has been appointed by the British War office as Brigade-Major of the Shanghai Volunter Corps. Capt. Douglas sailed from England for Shanghai on March 1.

Five thousand workers of Wing On No. 1 Cotton Mill have been on strike since March 8. The strike was called following the dismissal of a large number of workers, allegedly without cause.

Mrs. L. L. Patstone of Radio Station XQHA was married to T. L. Rasmussen, formerly of Butterfield and Swire, at the Holy Trinity Cathedral by Dean A. C. S. Trivett March 6.

Dr. Dana Nance, member of the medical firm of Dunn, Nance and Hoffman, sailed for Hongkong and Manila as the ship's doctor aboard the American Mail liner *Prsesident McKinley*, Mar. 6.

Dr. Haas, Director of the Transit Department of the League of Nations and now serving as liaison officer in China, is making a tour of inspection of reconstruction work in various parts of North and Central China.

Telegrams from Australia state that British interests have secured the mining concession of the great iron deposits of Yamapi, in Western Austialia for which two Japanese firms reportedly had been negotiating.

Richard L. Jen, chief editor of the English Service Section of the *Central News* Agency, head office at Nanking, has taken charge of the English service of the Shanghai office, taking over from Him Wong, who recently resigned.

Construction of a 7,000 ton express liner to ply between Kobe and Shanghai, in addition to the present sisterships the s.s. *Shanghai Maru* and the s.s. *Nagasaki Maru*, is being planned by the Nippon Yusen Kaisha company.

Sir Charles Bell, a former British political officer for Tibet and for Sekkim is at present making a tour of North China, Manchuria and Japan, gathering notes for a new book. He is a recognized authority on Tibetan affairs.

Chou Tseng-yuen, former watchman of the Sun Sun Company, who was convicted last year of having shot his employer Li Min-chou, former manager of the firm, was executed by strangulation in the Tsao Ho Chin Prison Mar. 11.

Chen Yieh-chi, one of the pirates who took part in the piracy of the s.s. *Tungchow* last month, who was arrested on Feb. 25 in Lufeng and is now being detained at the Tapeng Bay naval headquarters, will be sent to Canton shortly for trial.

The Kiangning (Nanking) District Court will be re-named the Metropolitan District Court and be placed under the direct jurisdiction of the Ministry of Justice. The budget of the Court for the current fiscal year will be increased by $70,000.

Dr. J. Heng Liu, Director of the National Health Administration, flew from Nanking to Hankow end of last week to inspect health work in the Wuhan cities. He is expected to remain in Hupeh for about a week before returning to Nanking.

The dedication ceremony of the Rhoda Cunningham Memorial Hall, under the auspices of the National Child Welfare Association of China, in co-operation with the Kiangwan Cheng Chong Hospital, will be held at Yih's Garden, Kiangwan, on Saturday, March 30, at 2 p.m.

Madame Weydenthal, wife of the Polish Minister to China, spoke at the Ginling Girls College at Nanking, March 6 on the subject "Contributions of Polish Women in Polish History and Culture," at the joint invitation of the Ginling College and the Sino-Polish Association.

Madame Chiang Kai-shek joined her husband at Chungking March 10. After disembarking. General and Madame Chiang motored to their temporary residence, General Liu Hsiang, Chairman of the Szechuen Provincial Government, and Madame Liu accompanying them.

Capt. Charles Campbell Brown of the United States Marine Corps, who has been appointed assistant Naval Attache to the American Legation, is due to arrive in Peiping about April 26. This will be Captain Brown's third tour of duty in Peiping. He served in Shanghai in 1927.

D. H. Benjamin, head of the Shanghai land and estate firm bearing his name, was found dead in the bathroom of the International Recreation Club in the morning of Dec. 11. Financial worries are stated to have caused him to commit suicide. The main artery of his left arm had been severed with a razor.

As a return courtesy for the Chinese invitation of Japanese newspaper representatives to tour the former bandit zones in Kiangsi, the Foreign Office of the Japanese Government is arranging with the Chinese Government to invite a party of newspapermen from Nanchang, Kiukiang and Nanking to visit Japan.

China's exports to the United States during January were valued at U.S.$5,928,194, according to statistics just released by the Shanghai American Consulate-General. The figure represents an increase over the exports in December, 1934, when the total value was U.S. $4,341,630, and over November when the value was U.S.$3,036,873.

The *Kuan Wei*, the first of the high-powered, armored speed-boats for use against pirates and smugglers in the rivers and along the coasts of China, was shipped from England end of last week consigned to the Chinese Customs authorities. These "chasers" draw only two feet and are 45 feet in length, with a speed exceeding 30 knots.

Anthony J. Billingham, formerly corporal and chief draughtsman in the Intelligence section of the U. S. Marine Corps, has been appointed assistant to Hallett Abend, correspondent for the *New York Times*. Douglas Robertson, formerly assistant to Mr. Abend here, has been transferred to Peiping, where he will have charge of the *Times*' office in that city.

With a final dividend of 4 per cent voted March 7 at the annual meeting, dividends for the year ended Dec. 31 of the China Bond & Share Co., Fed., Inc., Shanghai, were brought to a total of 10 per cent. The directors of the company, Messrs. K. P. Chen, C. D. Culbertson, C. S. Franklin, Chester Fritz, Li Ming, Tsuyee Pei and J. E. Swan, were all re-elected.

David Sassoon & Co., founded by a Bagdad-born British subject more than a century age, and one of the oldest firms in China trade, last week decided to abandon its export departments in this country. The import department in Shanghai will be continued. In the meantime, the firm's business is expanding rapidly in Iraq and neighboring countries, and in East Africa.

A party of 23, representing the Los Angeles Chamber of Commerce passed through Shanghai this week *enroute* to Manila. The party is headed by Charles P. Bayer of the field service department of the Los Angeles Chamber of Commerce. The party will to return to Shanghai on April 7 and travel on to Peiping, Mukden, and Chosen, arriving in Japan on April 12.

Judge Milton S. Helmick last week granted an interlocutory divorce decree to Morgan B. Hooper in the U.S. Court for China from Mrs. Cirila Hooper, a Filipino, on grounds of desertion. He testified that his marriage had taken place on April 4, 1924 in Manila, and that he left Manila on April 11, 1924, his wife refusing to join him in China. He has not seen her since that date he testified.

An undentified motorist, said to be an American, who was driving along Hungjao Road in the outskirts of Shanghai, was fired on by Chinese in the vicinity of MacLeod Road early in the morning of Mar. 9. It is alleged that the car, while swinging from MacLeod Road to Hungjao Road, knocked down a Chinese, whereupon the other two opened fire, but missed. The motorist put on speed and escaped.

In a statement made in Washington, March 5, Senator Robert R. Reynolds, from North Carolina, recommended that "the United States keep its nose out of other people's business." The Senator expressed his gratification over the fact that resolutions to investigate the Mexican church squabble have been dropped, and hoped that the United States would keep out of the Cuban general elections. Senator Roynolds revealed that he is planning a trip to Hawaii, China and the balance of the Far East during the coming summer.

A marble coffin buried during the 17th year of Emperor Tao Kwang of the Manchu regime, about a centry ago near the Five-Peak Mountain outside Nanking, was discovered Mar. 11 by workers employed by the Public Workers Bureau for road widening. In the coffin was the body of a Manchu high official, about 70 years old, with white hair and beard, and dressed in official funeral costumes. The body had apparently been well preserved against decay and looked in a good condition. Many dazzling pearls and other jewelry and valuables were also found in the coffin. News of this discovery spread in the city and countryside and four thieves ran to the spot, opened the coffin and stole a big string of pearls from it. One was subsequently arrested.

Mrs. Tisdale Hobart, author of "Oil for the Lamps of China" which has recently been filmed by Warner Bros., arrived back in Shanghai Mar. 12. She will tour the Yangtsze Valley and North China to gather material for a new book.

The loan agreement between the Shanghai Power Company and the Municipality of Greater Shanghai, was concluded this week. The receipt of the $1,500,000 which the agreement covers has been announced by O. K. Yui, chief secretary for the City Government.

China to Hold Athletic Meets Every Two Years

A National Athletic Meet will be held in the country every two years, according to a set of measures approved by the Executive Yuan at its 202nd meeting in Nanking March 6. The measures were submitted by Dr. Wang Shih-chieh, Minister of Education. Expenses for the Meet will be borne by the Central and local authorities, as the case may be. When the Meet is held in the Capital, the National treasury will make the necessary appropriations upon the request of the Ministry of Education. When the Meet is held in a provincial city, the local government will be responsible for the expenses. In case of special conditions, the Central Government may be petitioned for substantial aid.

M. Speelman Joins Board of China Realty Co.

The influence in local and financial circles of M. Speelman, Shanghai capitalist and leading spirit of the International Savings Society, has been further widened as the result of changes made in the board of directors of the China Realty Co. Fed. Inc., latter part of last week. The China Realty Co. was formed several decades ago by F. W. Sutterle, sr., and his son F. W. Sutterle, jr. has been closely associated with his father in the management of the business. The elder Mr. Sutterle has been president of the company for many years, and the younger Mr. Sutterle has been treasurer. As a result of the changes made, Mr. Speelman, George Sellett, prominent member of the American bar, Tse Tsor Kai and J. E. Swan, both partners of Swan, Culbertson and Fritz, have joined the board of directors. Mr. Sutterle, jr. has retired from the board. The elder Mr. Sutterle, continues as managing director, but owing to ill health is taking little active part in the management of the business.

Dr. Ivan Lee Holt Preaches on "Faith" at Commnity Church

Dr. Ivan Lee Holt spoke on "The Faith of Thinking Men" in his serman at the Community Church in Shanghai Mar. 10. Dr. Holt in the course of his remarks said, "To me, Protestantism is neither protest nor negation, whatever may be true of it historically." In Dr. Holt set the pattern for an inspiring exposition of Christian principles which reduced the vastness of the Eternal to the comprehensive aspect of perronality as he pictured Jesus Christ as the personal expression of infinity attuned and one with the human, filial soul. Dr. Holt sketched, faith in its relation to human life and problems, illustrating his points with Scripture, with personal anecdote, and also from the experience of contemporary leaders.

Okamoto Will Not Be a Candidate for Councillor This Year

O. Okamoto, at present a member of the Shanghai Municipal Council, will not run for re-election for the ensuing term at the elections to be held March 25 and 26. T. Yamamoto, the other Japanese member of the Council, will runs again, while a second Japanese candidate will be chosen from among three leading Japanese residents who have signified their willingness to serve, these nominees being M. Amano, of the Shanghai Transport Co., S. Inouye, of the Osaka Shosen Kaisha, and S. Mizuta of the Shanghai Finance and Real Estate Co. Brigadier-General E. B. Macnaghten, chairman of the Council, and E. F. Harris are leaving Shanghai shortly on home leave and will not be candidates this year.

Trustee Appointed for Nichols Yarn Concern

Harry A. Lucker, vice-president of the China-American Trading Corporation of Tientsin, was appointed by Judge Milton J. Helmick of the U. S. Court for China March 12 to be trustee of the Nichols Super Yarn and Carpets, Fed. Inc. U.S.A., one of the largest woollen yarn spinners and carpet manufacturers in the Far East and located in Tientsin. Mr. Lucker must post a $35,000 bond with the Raven Trust Company, Fed. Inc. U.S.A., as surety. This was the second such action to be taken in Shanghai under Section 77-B of the "New Deal" bankruptcy act., the first having been in the case of the United Theatres.

BACK TO RADIANT HEALTH.

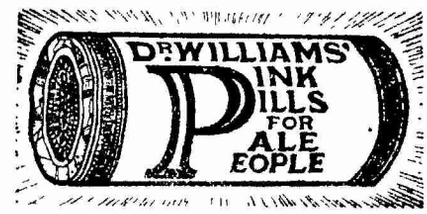
How glorious it is to be young and strong! Yet even youth at times needs tonic aid—when through one cause or another the nerves have got run-down, the blood has become watery and impure, there has been too great a strain laid upon the vitality.,

It is in such circumstances as these that Dr. Williams' Pink Pills demonstrate with almost amazing rapidity their unique blood-enriching, nerve strengthening, health-restorative merits. For example take the case of Mr. Edward Aubrey Kilaart, of the Darlington Stores Wellawatte, Colombo, Ceylon. Mr. Kilaart writes:—

"Some years ago I began to lose my health and got quite weak. Muscular pains in the joints troubled me; I lost appetite, became afflicted with wakefulness at night. For six months, although I tried various medicines, my condition failed to improve, in fact it was so bad at times that I was unable to go to work.

'Then one day through reading about them in the newspapers I bought a bottle of Dr. Williams' Pink Pills. Feeling better after taking the contents of this I continued the treatment. Now it gives me pleasure to be able to state that Dr. Williams' Pink Pills gave me back appetite and regular sleep, restored my health and strength, I have kept well ever since."

Dr. Williams' Pink Pills are equally good for both sexes from youth to old age because they rapidly increase the red corpuscles in the blood, and at the same time supply fresh, life-and-energy creating haemoglobin to the whole system. It is in this way that they have restored tens of thousands of weak, nervous, anaemic, run-down people throughout the world to radiant health.



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THE CHINA WEEKLY REVIEW

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New Books of Interest in the Far East

Tnree Books on Political and Economic Conditions

Economic Reconstruction: Report of the Columbia University Commission. New York, Columbia University Press, 1934. *Humphrey Milford, Oxford University Press,* 1934. 250 *pages.* 15 *shillings.*

The Third American Revolution: an Interpretation, by Brenson Y. Landis. New York, Association Press, 1933. 156 *pages. Cloth, Gold.* $1.75, *Paper, Gold* $1.

The Roosevelt Revolution: First Phase, by Ernest K. Lindley. New York, Viking Press, 1933. 328 *pages. Gold* $2.50.

These three books show some of the different methods of approach by which the American public is acquainting itself with its national political and economic conditions. We may be certain that the national policy will be a question of major controversy for some years to come. The American people are seeking an interpretation of the main happenings, an understanding of the chief actors in events, and the opinions of experts regarding reconstruction. The first of the books named above is the report of a group of economists, a scholarly study of the relations between the technological factors of productivity and the economic conditions under which they operate. The second book is intended to provide a background and guide for discussion groups on current happenings. The last book is a sprightly account of the Roosevelt philosophy and the events since March 4, 1933. Mr. Lindley's book has the personal flavor gained from a close journalistic relationship with President Roosevelt since he became Governor of New York in 1929.

The report of the Columbia University Commission is the direct result of President Nicholas Murray Butler's belief that upon the universities of the world rests a responsibility to find a way out of the economic and social dilemmas now confronting men. President Butler's annual report for 1932 which called attention to a new opportunity for university service was in fact followed by the appointment of a group of economists from Columbia and other universities and also of some students of the problems under consideration whose work lay outside the academic field. This committee carried on its work through all of 1933 and presented its report the following January.

The central theme of study is "the adequacy of the present economic order to adjust the economic factors of effective demand or purchasing power to the technnological factors of the present and potential capacity of production." In the unparalleled depression of the past years the translation of the wealth producing capacity of modern industry and agriculture into the substance of an attainable standard of living has attracted universal attention. The problems dealt with in this report are subjects upon which economists have held divergent views, so that a complete solution of them as purely scientific problems is perhaps impossible. The report itself covers 70 pages, taking up two topics: Productive capacity and the economic system; The problems of economic equilibrium and steps toward a planned economy. Throughout this section there is particular emphasis on the problem of industrial fluctuations. The general character may be seen in the summary of specific recommendations with which the report concludes. Special reports by various members of the commission conclude the book.

This book will not have the wide appeal of some of the books on the New Deal, but it is important both for the conception it upholds of the university's place in the solving of social and political problems, and for its mature judgments on such questions as public works, economic planning, tariff reductions, monetary stabilization. The report has the poise and the courage that are to be expected from such men as Robert M. MacIver of Columbia, Josef A. Schumpeter of Harvard, Alvin Johnson of the New School for Social Research.

The character of the second book named can be seen in the fact that it was prepared for discussion groups by the Young Men's Christian Association of the United States. The main body of the book is a presentation of such topics as the banking situation, gold and inflation, the agricultural problem, the foreign policy of the United States and its bearing upon domestic policy. This is followed by a discussion syllabus which touches upon the issues in the book. Suggestions are made for the introduction of first-hand information, observation and opinion. There is an effort to direct the groups to a pooling of experience and a consideration of practical steps which would facilitate recovery and lead toward rational adjustments.

Lindlev's book is the most popular of the three in its appeal, and his emphasis upon the persons leading America today is explained by his belief that the personality of the leaders is essential to the solution of the great problems facing the government. The fact that Lindley calls his book "The Roosevelt Revolution: The First Phase" suggests that this is but the introduction to further governmental surprises.

This revolution, says Lindley, is thoroughly saturated with cherished American ideals. Its objectives are security, self-respect, a decent standard of living for the ordinary man, the idea of generally distributed well-being expressed in the Declaration of Independence. In the words of Professor Tugwell of the 'Brains Trust,' "What we are doing is simply, in the light of modern realities, to seek trails toward the oldest aspirations of the race." The author reviews the speeches and policies of President Roosevelt before his inauguration to show that the New Deal was rooted in long study and discussion.

President Roosevelt is shown as a leader able to win popular approval for radical reforms by avoiding radical language, as a speaker able to coin good phrases, as a learner from people of all walks of life and from all sections of the nation. Not the least interesting section of the book is that which gives short sketches of the official family—a cabinet "slightly to the left of the center" —and a body of expert advisers which the public has dubbed the Brain Trust.

The three books here discussed supplement one another; they are evidence of the wide-spread discussion and interest which President Roosevelt invited through the press and through his radio addresses. President Roosevelt has revived American democracy by utilizing public opinion to bring pressure upon the representatives of the people. The great number and variety of books that have appeared on the national problems is proof of the desire for an informed electorate.

F. M. R.

A Novel With Malayan Local Color

The Jade Lotus, by Dorothy Cunynghame; Claude Kendall, New York, 1934. 320 pages.

This is the sort of a novel in which one finds catty women among the bride's relatives, and we must say that there is more realism in their delineation than is apparent later in the book when the scene has shifted from England to Singapore and its plantation hinterland. The heroine, April Trevor, is given at her marriage a small pendant in the shape of a jade lotus and this is supposedly a talisman to bring good fortune. She marries a man with a past, lives with him with a surprising lack of understanding or endeavor to hold him, and seems to have no power to withstand a bounder who in due time makes love to her.

Cynthia, the predatory woman of Trevor's past, is drawn with sharp lines. She will not possess what she has and only schemes to overthrow April in Trevor's affections. Thus we find a weak woman (April) sought by a strong man (Macbeth) while a strong woman (Cynthia) works havoc with a weak man (Trevor).

Gradually things get into quite a mess and we become weary and the author is evidently in difficulty as to a solution. She finally settles this by a motor accident which takes the lives of heroine and bounder, the jade lotus not proving effective to avert catastrophe.

Some of the descriptions of places and poeple are good. "Halcyon" is a favorite adjective. There is quite a bit of local Malayan color which should be accurate from the author's knowledge of the East.

Feb. 27, 1935. G. B. S.

"North China Daily News" Correspondent Gives Impressions of Manchuria

Manchukuo Revisited, by William Lewisohn. Shanghai: North China Daily News. $1 (*Chinese currency*).

The author is the Peiping correspondent of the *North China Daily News*, and this brochure is a reprint of his articles appearing in said newspapers, extracts from which were published in *The Review* previously. The *N. C. D. News* in a editorial article Jan. 21 succinctly estimated the value of Mr. Lewisohn's contribution as follows:—"It will be recognized that Mr. Lewisohn has covered the ground with conscientious thoroughness and has presented valuable material on which to form an appreciation of the actual situation. He has not omitted to expound some of the foibles of the Japanese arbiters of Manchukuo's destiny. Nor has he fallen into the error of treating those foibles too seriously. After all they do not affect the main consideration, whether the people of Manchuria are likely to obtain reasonable security in developing its resources and, in so doing, to enjoy a greater measure of prosperity than in the past."

The Chinese Film Industry

BY ALFRED Y. L. KONG

RECENTLY the local newspapers published the news that an American movie director is interested in Chinese films and is planning to raise a certain amount of capital with which to establish a cinema studio, which will feature both Chinese pictures and foreign pictures, in Shanghai. This is certainly a bold speculation, when we think that an American is attempting to compete with the Chinese in the Chinese film industry, especially out here in China, whose psychology and tastes of the people in general are distinctively different from those of the Americans and other Westerners. A momentary thought leads us to conclude that such an enterprise is bound to meet with failure; but on recalling some of the Chinese scenes that we have seen in some of the American pictures, our views will be diverted to the opposite opinion.

The history of the Chinese film industry is not a long one probably not more than fifteen years. Whether it has made good progress or not in the past is a question that only thorough investigation can answer, and even then, opinions are sure to differ. This is not a question that the writer wishes to discuss here. But, to say that the Chinese film industry is still far behind that of Hollywood and those of other European studios, is certainly a fact that needs no argument.

In the first place, Chinese film companies are handicapped in capital, which is the most important factor in all lines of industry. The result is that the photography is comparatively poor, the sound is often unnatural, and the setting of the play has to be staged in as simple a manner as possible. When good photography, natural tone and other pomp and splendor are taken away from a picture, what is there left for entertainment? The director cannot be blamed for these defects; the actors and actresses cannot be held responsible; the producer has tried his best. This is the main handicap: the shortage of capital.

In the second place, there are the types of pictures to be considered. With the exception of a few like the United Artists, the Star Motion Pictures and one or two others, most companies produce pictures that aim to appeal to the lower classes of society. There is the historical-heroes type, which conveys a vague and fanciful idea about the "swordsmen" of the past. Then there is the so-called "sentimental" type, which portrays all the miseries and sufferings of the poorer classes. Certainly we cannot deny that such films do not give the tone color of everything. That there are more people who suffer than enjoy, especially in China, is an accepted fact. But if we ask: what is the aim of movie pictures? Are they for entertainment and education or are they for propaganda of misery, suffering and poverty? This is a problem that the directors and producers of the different companies solve differently, and hence the large number of the so-called "sentimental" pictures current among the Chinese theatres, both in China and the Overseas. Imagine the effects of such pictures on the minds of those who have never come to China! Their impression can be none other than bad. Any American who happens to visit a Chinese theatre and sees a picture like one of those mentioned above will draw a conclusion that all, if not most, Chinese live in dirt, on begging, on fortune-telling and other contemptible whatnots. The writer has personal experience as to the impression such pictures have on the minds of the Overseas Chinese, not to mention what it has on people of other nationalities. The result is that very few educated Chinese go to Chinese pictures, except on some very particular occasion. It is not because they do not understand Mandarin, but for the simple reason that most Chinese pictures shown there are either of fantastic or "sentimental" nature. So Chinese pictures are left to the shop-keepers or coolie class who somehow prefer them just because they do not understand English and must have them. Even here in Shanghai how many Chinese patronize the Grand, Nanking, Metropole, or Cathay rather than the Chinese Cinemas? Just imagine the amount of money that the Chinese film industry fails to share! The writer does not believe in or suggest a boycott, because it is but natural that people like to see good pictures, at least from their point of view; so competition and improvement are the words.

In the third place, there is the question of personages. We cannot say that all Chinese movie actresses are not beautiful and attractive; at the same time, we cannot say that the best of Chinese features have been displayed. To most Chinese, acting is a low career, although in recent times, such idea is fast vanishing. Yet if the Chinese film industry keep to its old ways, that is, not producing anything of real dramatic, cultural, or artistic value, how can really good and talented actors and actresses come to its fold? How can the Chinese give a better impression to peoples in foreign lands?

The Chinese picture producers and directors must work hard to keep up pace with foreign pictures. The day will come when the Chinese will prefer to see their own actors and actresses playing attractive roles and hear them singing and speaking in their own tongue; the peoples of other lands also will begin to appreciate the Chinese as a whole. This is not too exaggerative a prophecy if the Chinese film industry will strive hard to improve and satisfy the wants of the public.

St. John's University, Shanghai, February 22, 1935.

JUST PUBLISHED

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"There has been a great deal of material published about *The Puppet State of 'Manchukuo,'* since the 18th of September 1931, but, with the exception of the Lytton Report, probably no better survey of the whole issue in Manchuria as between this country and Japan has been compiled than a volume, just issued in English by the China United Press in Shanghai, with the title we have quoted above.

"Hardly an aspect of Manchurian affairs is omitted from consideration, and a good deal of material is here collected that it would be difficult elsewhere to find within the covers of a single volume. The volume deals not only with the issues that have come to the front since the autumn of 1931, but with matters that have been at issue ever since Japanese ambitions turned towards Manchuria."—*The Peiping Chronicle*, Feb. 26, 1935.

"This volume is No. 4 of the 'China To-day' series....to those who have read the previous numbers it is scarcely necessary to add that the contents are readable and the subject matter is handled skilfully and in an interesting manner.

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72-113

United States Navy Pushes Building Program

Official figures relased concurrently with the British rearmament estimates March 6 showed that the United States is rapidly building up the Navy with the propects of reaching full treaty strength within the next four years. At the same time, the Army and the Air Force are being strongly re-inforced, according to the official statement. Statisics disclosed that 75 ships are already under construction, and that plans are being drafted for the purpose of laying down 24 more within the present year. U.S. Naval authotities estimated that the total cost of the five-year construction program which was begun last year will approximate $1,500,000,000. They also stated that when the 1936 construction program is finished the Navy will still be 78 ships under treaty strength.

Clergyman Appeals to U. S. President to Drop Fleet Maneuvers

A public appeal to President Roosevelt to cancel the proposed Pacific maneuvers of the United States Fleet was made Mar. 11, by Dr. Walter William Van Kirk, secretary of the Department of International Justice and Goodwill of the Federal Council of Churches of Christ in America. He stated that the proposed spring manevers of the fleet would be a "warlike gesture," and that he is convinced that the peace of the world would be endangered.

Labor Vote of Censure Defeated in Commons

The vote of censure by the Labor Opposition concerning the Government's policy of expanding the British fighting services —which will involve a total additional net expenditure this year of £10,539,000—suffered an overwhelming defeat in the House of Commons Mar. 11. The Opposition mustered only 79 votes, while 424 were cast against the motion.

China May Succeed Japan at Geneva

The question of China being re-elected to the Council of the League of Nations, following the vacation of her seat by Japan on March 27, will be discussed by the Assembly in September. China's chances of re-election are considered distinctly favorable, according to a recent telegram from Geneva. With the withdrawal of Japan, no truly Asiatic power will be represented on the Council. Owing to her persistent claims to be considered European, Turkey cannot properly be regarded as Asiatic. On the other hand, South America, including Mexico, has three seats on the Council. China lost her seat on the Council on Sept. 17, 1934, when the Assembly rejected her claims to reeligibility as a member. China obtained only 21 votes out of the 52 cast, whereas she required a two-thirds majority, or 35 votes.

Two Old Japanese Gunboats in China Waters to Be Broken Up

Two small Japanese gunboats, *Sumida* and *Fushimi* (each 150 tons displacement) were formally stricken off the Japanese naval list at a ceremony at the Osaka Shosen Kaisha Yangtszepoo Wharf in Shanghai March 1. Japanese Minister Ariyoshi and Consul General Ishii were present at the ceremony. The boats are more than a quarter of a century old and will be dismantled and broken up.

Greek Revolution Collapes---Venizelos Flees With Wealthy Wife

A revolution which started in Greece two weeks ago, with the support of the former Premer Venizelos, aged 72, became a leaderless rout of panic-stricken rebel troops Mar. 12 as the insurgent generalissimo was captured and the sponsor of the rebellion and its financial supporter fled toward Europe and safety. Venizelos fled from his home in Canea aboard the cruiser *Averoff* as he became convinced that his cause was lost and federal troops soon would seize the island. Accompanying the aged rebel was his wealthy wife, Mme. Helen Venizelos, whom Greek officials say, financed the revolt. The Venizelos party has been interned in a small Italian island. Sums of money amounting to £160,000, looted from banks in Canea, were found upon captured rebels.

State of Siege in Cuba—Former President Flees

President Carlos Mendieta invoked a "State of Siege" proclamation and became the virtual dictator of Cuba Mar. 10. The serious disorders throughout Cuba precipitated by the strike of school teachers have resulted in eight persons being killed and eight wounded. The wildest confusion reigns throughout Cuba, declared Senor Carlos Hevia, former president of the trouble-torn republic, who arrived in Miami, Fla., Mar. 11, from Havana by airplane.

Dr. John R. Mott Arrives in Far East to Arrange for World Conference

Dr. John R. Mott, chairman of the World's Committee of Young Men's Christian Associations and of the International Missionary Council, arrived in Japan end of last week in the s.s. *President Hoover*, this being his ninth visit to Japan. Dr. Mott is accompanied by many prominent Y.M.C.A. workers. Dr. Mott is staying in Japan for three weeks before leaving for Korea. During his stay in Japan Dr. Mott is being showered with honors. He was received by the Japanese Emperor March 11. Dr. Mott's present visit to Japan is in his capacity as chairman of the International Missionary Council to confer with church leaders on changes in the Far East and discuss plans for a world conference somewhere in the Orient in 1938. The date, place and scope of that world consultation will be decided at a meeting of the leaders of the 28 national councils interested, in North America from Sept. 27 to Oct. 6 this year. That meeting will be held in the New England states, the city to be decided later. "The most significant thing at this time," Dr. Mott said in an interview, "is that we have decided to hold the world consultation. That will be no mere talking society. We intend to make it a notable consultation in view of the present world situation." Dr. Mott will later come on to Shanghai.

Australian Missionary Couple Done to Death by Reds

Confirmation was to hand end of last week that the Australian missionaries, Mr. and Mrs. S. C. Frencham, were murdered by Communists when the latter captured the city of Ninkiang in south western Shensi several weeks ago. Mr. Frencham was taken captive with the colonel of the troops garrisoning the city. With several others, the two were marched outside the city walls. When Mr. Frencham attempted to put up resistance to the Communists, they beat him to death. His fellow-captive, the colonel, was shot. Mrs. Frencham, who was a trained nurse, was attending the wife of an official during childbirth when the Reds entered ths city. Both Mrs. Frencham and her patient were shot dead. With the return of the Communists to North Kweichow, after their abortive attempt to penetrate into Yunnan, all American missionaries in districts likely to be menaced have been warned to take precautions.

Gen. Chiang Wants Reds to Be Treated Leniently

Advancing the argument that the majority of the rank and file of the Communist army are ignorant peasants and blind followers, Gen. Chiang Kai-shek has issued a strict order to the Szechuen military leaders, forbidding Government troops to mete out cruel punishment to Red captives.

Bosshardt and Hayman Still Alive

The *Central China Post* (Hankow) Mar. 6 published a denial of reports from Hunan to the effect that Messrs. R. A. Bosshardt and A. Hayman, of the China Inland Mission, who were captured by Communists in Kwei-chow in October, had been killed. It stated that a telegram received in Hankow declared that both men, who are still in captivity, are alive and well.

Bandits Fire on Tientsin-Pukow Railway Train

On March 3, a southbound train along the Tientsin-Pukow line, was fired upon when passing Pingyuan by bandits under Liu Kwei-tang.

"Did Them A World Of Good!"

Mother in Ceylon Tells How Her Children Were Helped By

BABY'S OWN TABLETS.

A mother's personal experience, however briefly and simply told, is more convincing evidence than a whole page of theoretical talk about the merits of a medicine for children. Here is what Mrs. M. C. Dickson, of 3 Drieberg's Lane, Maradana, Ceylon, writes:—

"I have given Baby's Own Tablets to my daughter, Barbara, aged 4, and to my son Melroy aged 2 years and 5 months, for constipation, and found that they did them a world of good. I think Baby's Own Tablets a very effective remedy for children and have no hesitation in recommending them to parents."

Baby's Own Tablets correct infantile indigestion and constipation, colic, vomiting, allay feverishness, colds and croup, ease teething pains almost as if by magic, check diarrhoea, expel worms. They are obtainable from all chemists.